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Tariff Authority for Major Ports

G. No. 408 **New Delhi,** **15 November 2016**

NOTIFICATION

This Authority, in exercise of the powers conferred on it under Sections 48 and 50 of the Major Port Trusts Act, 1963, had disposed of the proposal received from the India gateway Terminal Private Limited (IGTPL) for general revision of its Scale of Rates, in the Meeting of this Authority held on 17 September 2016. However, considering the time involved for notifying (Speaking) Order along with the Scale of Rates, approved by this Authority, this Authority decided to notify only the revised Scale of Rates immediately. Accordingly, the Scale of Rates approved on 17 September 2016 was notified in the Gazette of India on 14 October 2016 vide Gazette No.380. It was stated in the said Notification that this Authority will notify the Speaking Order, in due course of time. Accordingly, this Authority hereby notifies the reasoned Speaking Order connected with disposal of the proposal of the IGTPL for general revision of its Scale of Rates as in the Order appended hereto.

(T.S. Balasubramanian)
Member (Finance)

Tariff Authority for Major Ports
Case No. TAMP/81/2015-IGTPL

India Gateway Terminal Private Limited - - - Applicant

QUORUM:

(i). Shri. T.S. Balasubramanian, Member (Finance)
(ii). Shri. Rajat Sachar, Member (Economic)

O R D E R
(Passed on this 17th day of September 2016)

This case relates to the proposal received from India Gateway Terminal Private Limited (IGTPL) for general revision of its Scale of Rates (SOR) under Tariff Policy Guidelines, 2005.

2.1. The IGTPL, a subsidiary of DP World, had entered into a Licence Agreement (LA) on 31 January 2005 with COPT in response to a global tender issued by COPT in 2004.

2.2. The salient points of the License Agreement are as follows:

(i). Exclusive license for operation and management including necessary development, modification and augmentation of facilities of RGCT, commensurate with traffic; and

(ii). Exclusive license for development, construction, operation and management of International Container Transshipment Terminal (ICTT) at Vallapadam / Puthuvpeen, Kochi.

(iii). The bid was accepted based on a upfront payment plus a Royalty per Month equivalent to Thirty-Three point Three Percent (33.300%) of the Revenue earned by the Licensee from the operation of the Project Facilities and Services comprised in the Project, by levy of Tariff during the month.

(iv). IGTPL would take over the existing facility of RGCT and develop the new facility at ICTT, Vallarpadam.

3.1. This Authority vide its Order no.TAMP/25/2008-IGTPL dated 5 August 2009 had passed an Order approving the existing SOR of IGTPL which was notified on 11 August 2009. As per this Order, SOR of IGTPL is valid up to 31 December 2015. Under the said Order, the then existing SOR for Rajiv Gandhi Container Terminal (RGCT) was allowed to continue until its expiry till December 2009. Separate SOR for International Container Transhipment Terminal (ICTT) at Vallarpadam of the IGTPL was approved for a period of 6 years from 1 January 2010. The tariff approved for ICTT was subject to an annual escalation of 3.48% over rates of the immediate preceding year from the year 2011 to 2015.

3.2. Based on the request made by the IGTPL, this Authority extended the validity of the existing SOR of IGTPL from the date of its expiry till 30 June 2016 or till the effective date of implementation of the revised Scale of Rates, whichever is earlier.

4.1. In this backdrop, the IGTPL vide its letter no. IGTPL/Fin/TAMP/2015/2 dated 16 December 2015 has filed a proposal for revision of its SOR in the formats prescribed by the Authority. Subsequently at our request, the IGTPL vide its email dated 28 December 2015 has forwarded the draft Scale of Rates.

4.2. The highlights of the proposal and the main points made by the IGTPL are summarised below:

(i). Berth length of Six Hundred meters, adequate equipment and container stacking yard have been provided as per License Agreement on 18 February 2011 i.e. date of migration from RGCT to ICTT. The Tariff Guidelines 2005 clause 2.9.11 states “In the case of private terminal operator, if the investment made is in accordance with the obligation under the concession agreement it will be considered for ROCE even if full capacity utilization is not achieved." Accordingly capacity utilization for the period 2010 to 2015 have been taken as achieved.

(ii). The last tariff proposal for ICTT was on the calendar year basis. But, the IGTPL has followed financial year for accounting. Hence in the current proposal, estimates have been made for financial years for ease of comparison with actuals during the next review. Consequently, the estimates furnished for future period is for 39 months i.e. to accommodate the period January 2016 to March 2016 (3 months) and from 2016-17 to 2018-19 (upto March 2019).

(iii). Traffic projected for current cycle:

Period	TEUs
January 2016 to March 2016	113286
2016-17	471300
2017-18	554400
2018-19	622600

(iv). (a). **Income projected for the current cycle at the existing tariff**:

(₹ in lakhs)

Period	Revenue
January 2016 to March 2016	5343
2016-17	22684
2017-18	25437
2018-19	28444

(b). Exchange rate has been considered at 1US$ = ₹65 for income estimates for the future period.

(c). As per the License Agreement, IGTPL is required to offer Transshipment tariff which is competitive with other transshipment ports. The present realizations on transshipment containers are below the TAMP approved tariff. Accordingly, the revenue forecast for transshipment container is done at US$ 80 for 20' container & US$ 120 for 40' container for two moves as against US$ 100 (existing tariff US$ 138.82) for 20' container & US$ 150 (existing tariff US$ 208.24) for 40' container proposed by the port. Actual rates quoted may be lower in case to case basis. Provision has been made for discount to attract additional Origin / Destination containers in the forecast.

(v). (a). Expenditure projection assumption:

(₹ in lakhs)

Expenditure	January 2016 to March 2016	2016-17	2017-18	2018-19	Assumption
(i) Operating & Direct Labour	67	288	337	396	11% increase based on past historical trends
(ii) Maintenance Labour	8	42	46	51	
(iii) Equipment Running Costs	302	1,434	1,699	1,925	Based on the actuals for 2015 and increasing volume levels.
(iv) Efficiency gain on Electricity	-	168	198	222	
(v) Equipment Hire	133	741	932	1,085	Increase in volume levels.
(vii) Insurance	37	198	205	213	Proposed.
(viii) Other expenses	107	551	577	605	Based on the actuals for 2015 and increasing volume levels.
(x) Technical Service Fee	160	632	743	834	As per agreement.

(xii) Management and General Administration	595	2,052	2,233	2,431	Increase in manpower.

(b). Cost escalations have been considered at 3.82% for future periods (as per letter No.TAMP/27/2015-Misc dated 8 July 2015), except in case of Labour Costs escalations which have been considered at 11% p.a.

(vi). Capex:

The proposed Capex i.e. phase-wise for development of additional container storage yard (ground slots) is as follows: (₹ in lakhs)

Year and purpose	**Amount**
2016-17 (for 444 ground slots)	2559.82
2017-18 (for 444 ground slots)	2559.82
2018-19 (for 222 ground slots)	1279.91

(vii). Yard Capacity:

The existing container yard area i.e. 2446 Total Ground Slots (TGS) has a capacity to handle 3,43,381 TEUs as follows calculated following TAMP parameters

		Balance Factor	TGS
Total TGS	2446		
Import dwell time Export dwell time	4.0 3.0	0.57 0.43	1398 1048
Total	7.0		

Capacity Driver	Import	Export	Totals
TGS (a)	1398	1048	2446
Average dwell time (b)	4.0	3.00	
Average stack height (c)	2.5	2.5	
Surge Factor (d)	1.3	1.3	
Days in Period	365	365	
TEU in period	171690	171690	343381

Formula for capacity 0.70*(a*c*e) / (b*d)

(viii). Past period analysis:

(a). Comparison of actual vis-à-vis estimates for the period 2005-06 to 2008- 09 upto November 2009 was done in the last tariff revision order approved by the Authority wherein provisional accounts for 2008-09 was considered. The actuals, however, vary from the provisional accounts. The net surplus for RGCT operations considered in the TAMP Order viz-a-viz net surplus assessed as per Audited Accounts for the said period is tabulated below

(₹ in lakhs)

Details	**2008-09**	**April 2009 to February 2010**
Net Surplus as considered in the last Order of TAMP	1206.45	815.00
Net Surplus as per Audited accounts	694.44	734.94
Excess Surplus adjusted by TAMP for RGCT operations in the last Order	512.01	80.06

(b). A summary of excess adjustment of net surplus for period 2008-09 & 2009-2010 (upto Nov 2009) in the TAMP Order is given below:

(₹ in Lakhs)

	2008-09		**2009-10**		**Additional Adjustment done in TAMP Order**		
	Provisional	**Actual**	**Provisional**	**Actual**	**2008-09**	**2009-10**	**Total**
Volume	260872	260872	185010	195169			
Revenue	8621.00	8832.87	6037.00	6070.57			

Capital Employed	6486.21	6841.64	5561.00	3098.92			
Adjusted Return	1206.45	694.44	815.00	734.94	512.01	80.06	592.07

(c). Hence, the excess surplus adjusted in the TAMP Order to the tune of ₹592.07 lakhs is being reversed / adjusted in this period as loss.

(d). In the last Tariff Order, the Authority, has considered the estimates for the period 2010 to 2015 for ICTT, Vallarpadam for the purpose of tariff fixation. However, the ICCT, Vallarpadam commenced the container handling operations only from 18 February 2011. Hence for the period December 2009 to 18 February 2011, RGCT continued to be in operation. There were no concurrent operation at ICTT and RGCT. The net surplus for this period is ₹652 lakhs. 50% of the said net surplus is considered for adjustment in the current tariff revision. [The figures are submitted by IGTPL in From 7.]

(e). Estimation has been given for the calendar years 2010 to 2015. For comparison of the actual performance as per audited accounts with the estimation certain expenses have been regrouped on the basis of TEUs for that period and others on the basis of months. The details of the basis of allocation of expenses are furnished.

(ix). Net Surplus / (deficit) for the period of operations at ICTT i.e., from 18 February 2011 to 31 March 2015 are based on the Audited Accounts. Provisional accounts have been considered for the period from April 2015 to December 2015. Accordingly, the sum of the net deficit in ICTT operations for the period 18 February 2011 to 31 March 2015 is ₹47,825 lakhs. The summarised position as given by IGTPL is as follows:

(₹ in lakhs)

Sr. No.	Particulars	RGCT		ICTT					
		Dec09-Mar 10	**Apr 10-17 Feb 11**	**18 Feb to Mar 11**	**2011-12**	**2012-13**	**2013-14**	**2014-15**	**Apr-Dec 2015**
(i).	Net surplus before Return	389.51	1050.10	-1050.99	3496.72	4197.77	4248.10	4996.32	6182.78
(ii).	Capital Employed	4810.44	3793.31	103154.92	97105.16	90564.20	84422.56	78182.68	73680.96
(iii).	ROCE @ 16%	256.56	531.06	2063.10	15536.83	14490.27	13507.61	12509.23	11788.95
(iv).	Net Surplus / (Deficit) after return (i-iii)	132.95	519.04	(3114.09)	(12040.11)	(10292.50)	(9259.51)	(7512.91)	(5606.17)
	Total	651.99		**(**47825.29**)**					

Note: Loss in RGCT period Dec 2009 to Mar 2010 & Apr to Feb 2011 is taken at 100% as there is no estimate in TAMP. There was an estimate for operations in ICTT during this period.

Period	**Adjustment % Considered**	**₹ in Lakhs**
Loss in RGCT period 2008-09 & Apr to Nov 2009	100%	(592.07)
Loss in RGCT period Dec 2009 to Mar 2010 & Apr to Feb 2011	50%	326.01
Loss at ICTT Mar 2011 to Dec 2015	50%	(23,912.69)
Total Loss		**(24,178.74)**
Total Loss to be set off		**(24,178.74)**

(x). Reconciliation between the Audited Accounts and figures considered in Form 7 is submitted.

(xi). A summary of the cost position based on the estimates for the period January 2016 to March 2016 (3 months) and for the years 2016-17 to 2018-19 (3 years) at the existing tariff is tabulated below:

₹ in lakhs

Particulars	January 2016 to March 2016	2016-17	2017-18	2018-19
Traffic (TEUS)	109245	471300	554400	622600
Income estimates at existing tariff	5,343	22,684	25,437	28,444
Expenditure projections	2937.7	12086	12862	13698
Net surplus	2,404.9	10,598.3	12,575.5	14,746.2
Capital employed	72,368	69,222	65,946	61,313
ROCE	11,579	11,076	10,551	9,810
Net surplus / (Deficit) after ROCE	(9,174)	(477)	2,024	4,936
Net Surplus / (Deficit) as a % of operating income (XIV/I in %)	-172%	-2%	8%	17%

(xii). Proposed SOR

(a). Based on the deficit in the cost statement and the after considering past period loss, the IGTPL has proposed 6.98% increase in the tariff over the existing tariff. The proposed tariff is to make it applicable from 1 January 2016 and annual increase of 6.98% from 1 April 2016 for each the years 2016-17, 2017-18 and 2018-19.

(b). The IGTPL has proposed coastal tariff in US $ at 60 % of the proposed tariff for foreign going vessels. [This is not in line with the direction issued by MOS on 11 May 2016]

5.1. In accordance with the consultation procedure prescribed, a copy of the IGTPL proposal dated 16 December 2015 was circulated vide our letter dated 5 January 2016 to the COPT and users/ user organisations seeking their comments. The comments received from the COPT, and users / user organisations were forwarded to the IGTPL as feedback information. The IGTPL vide its letter dated 23 March 2016 has furnished its comments on the comments of COPT/ user/user organisation.

5.2. The Coimbatore Custom House and Steamer Agents' Association (CCHSAA) vide its letter dated 29 January 2016 has furnished its comments. The IGTPL has not responded to the comments of CCHSAA till finalization of this case.

6. Based on the preliminary scrutiny of the proposal, the COPT was also requested to furnish additional information/clarifications on various points vide our letter dated 23 May 2016 with a request to furnish its response by 13 June 2016. The COPT vide its email dated 13 June 2016 has responded. A summary of the additional information/ clarifications sought by us and the response of COPT is juxtaposed below:

Sl. No.	Information/clarifications sought by us	Information/clarifications of the COPT
(A).	**<u>General:</u>**	
(1).	(a). As per clause 4.2 of the License Agreement (LA), the tariff has to be competitive with the tariff level existing at international container transshipment hubs and major competing ports in the region. In this regard, the COPT to confirm that the proposal filed by the IGTPL for general revision of its Scale of Rates complies with clause 4.2 of LA	The validity of the prevailing Tariff Order for ICTT operated by the IGTPL, approved vide TAMP/25/2008-IGTPL dated 05.08.2009 and notified vide G No. 142 dated 11.08.2009, ended on 31.12.2015. The TAMP, at the request of the IGTPL as well as on its own, had applied the principles of 2004 and 2008 Guidelines for the aforesaid Tariff Order on ICTT.

		The IGTPL had then specifically requested to determine the tariff for ICTT operations on a normative basis over a long term period in conformity with the 2008 Guidelines. The IGTPL had then argued that since the ICTT operations are commencing post 2008 Guidelines, the normative approach prescribed in the said Guidelines may be considered in its case. It had also submitted that the normative tariff will be lower in comparison to the tariff fixed following the usual cost plus method which will benefit the trade and impart stability and provide a conducive environment to negotiate long term contracts. The Optimal Terminal Capacity for the ICTT is considered at 11,95,740 TEUs in the above Tariff Order. The IGTPL had projected the following Traffic for the then Tariff Proposal.

Projected Traffic (TEUs)

2010	2011	2012	2013	2014	2015
4,78,000	5,88,000	6,84,456	7,52,902	8,28,192	9,11,011

But, the realized Traffic has been a fraction of the Projected Traffic as under, implying the utilization of only 31% of the capacity.

Realized Traffic (TEUs)

2010	2011	2012	2013	2014	2015
3,12,189	3,37,053	3,34,925	3,46,204	3,66,376	3,06,324 (Apr-Dec)

The IGTPL, in the current Tariff Proposal has furnished much lower Traffic Projections as under.

Projected Traffic (TEUs)

2016	2017	2018
4,71,300	5,54,400	6,22,600

Cochin Port is of the considered view that one of the critical reasons for non-realization of volumes at ICTT is the exorbitant Terminal Handling Charges (THC) levied by the IGTPL. A comparison of the THC reveals this clearly.

Comparative THC (Notified) for Foreign EXIM Containers (US$)

Size & Type	Comparative THC (US$)			Other Port THC as a % of Cochin	
	Cochin	Tuticorin (DBGT)	Chennai (DPW)	Tuticorin (DBGT)	Chennai (DPW)
20' Laden	93	51	36	54	38
40' Laden	140	76	54	54	38

The Exchange Rate used for converting the INR rates into US$ is ₹66/US$.

The IGTPL, in its current Tariff Proposal, at Annex 2, has stated that the existing Container Yard has the capacity to handle 3,43,381 TEUs, which in IGTPL's opinion is commensurate with the Traffic. This is planning for curtailing growth, when the IGTPL had earlier submitted to the TAMP that the

		Quay Line is the limiting factor, and additional ground slots can be created depending on need. Again, at Annex 2 of the current Tariff Proposal, IGTPL has stated that as per the License Agreement between COPT and IGTPL, the company is required to offer Transhipment Tariff which is competitive with other transhipment ports, and that their present realizations on transhipment containers are below Tariff approved by TAMP. COPT submits before the Hon'ble Authority that this is contrary to the provisions of the License Agreement, which requires that the Tariff is competitive with respect to the neighbouring ports. Therefore, the submission of IGTPL that they are required to be competitive only in Transhipment Tariff, is violative of the License Agreement. The relevant clause of the License Agreement is reproduced below. *"**4.2 TARIFF FIXATION** The Parties agree that, subject to Applicable Laws including approval of the competent authority, the Tariff are competitive vis-à-vis international container transshipment hubs and major competing ports in the region".* Further, it is totally ineffective to be competitive in Transhipment Tariff alone, when the ICTT has so little Transhipment Traffic; as low as 5% of the Total Traffic as revealed below. It is highly relevant to be competitive in OD cargo that forms 95% of the Total Traffic.

Transhipment Traffic at ICTT

Year	Transhipment Traffic (TEUs)	Total Traffic (TEUs)	Transhipment Traffic as a % of Total Traffic
2015 (Apr-Dec)	14,875	3,06,324	5
2014	18,897	3,66,376	5
2013	7,411	3,46,204	2
2012	27,193	3,34,925	8
2011	17,007	3,37,053	5

It is submitted before the Hon'ble Authority that CoPT grants considerable rebates in VRC to container ships to promote the ICTT. The CoPT grants 85% rebate in VRC to the 4 Mainline Services that call at the ICTT. Also, 50% rebate in VRC is granted to Container Vessel Services other than Mainline Services to foreign destinations, not confined to Colombo, and not connecting Cochin and Colombo, either directly or via Tuticorin. Further, 30% rebate in VRC is granted to Container Vessel Services, other than Mainline Services, between Cochin and the Middle East, double-dipping weekly at Cochin. The quantum of rebates granted in VRC over the years for promoting ICTT is presented below. It may be seen that the rebates granted in VRC amounted to more than 50% of the notified Tariff, resulting in COPT earning a net VRC

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<td>income that is less than the quantum of rebates granted; all this for being competitive with respect to the ports in the region to promote ICTT.

ICTT - Rebate Granted in VRC and Net Income
<table>
<tr><th>Year</th><th>Traffic (TEUs)</th><th>Rebate Granted in VRC (₹ Crores)</th><th>Net Income from VRC (₹ Crores)</th></tr>
<tr><td>2014-15</td><td>3,66,376</td><td>29.24</td><td>29.16</td></tr>
<tr><td>2013-14</td><td>3,46,204</td><td>33.48</td><td>26.53</td></tr>
<tr><td>2012-13</td><td>3,34,925</td><td>26.42</td><td>23.09</td></tr>
<tr><td>2011-12</td><td>3,37,053</td><td>14.04</td><td>18.38</td></tr>
</table>

Apart from granting such rebates, the maintenance of 14.5 m draft at the ICTT has shot up the Maintenance Dredging expenditure of CoPT considerably, as under. In fact, CoPT incurs ₹20 Crores per annum as incremental Maintenance Dredging expenditure for deepening up to 14.5 m draft from the normally maintained draft of 13.5 m for the lone Mainline Container Vessel Service that calls at a draft up to 14.5 m, but without any commendable volumes. The CoPT also grants 85% rebate in VRC to the said Mainline Service towards being competitive. But, such expenditure on Maintenance Dredging and the revenue foregone due to rebates in VRC have so far been without any meaningful returns with such low volumes at ICTT.

COPT is of the view that volumes at ICTT can grow only if competitive Tariffs are ensured. The ICTT has been envisaged with three distinct roles; a Hub Port for Transshipment, a Regional Terminal and a Sub Continental Gateway; promoting Regional and Hinterland cargo through competitive Tariff is a prerequisite for attracting Transshipment cargo.

In the light of the above, COPT requests the Hon'ble Authority to review the Tariff Proposal submitted by the IGTPL for the operation of ICTT, and not to allow the hike in the Tariff sought. The COPT, further requests the Hon'ble Authority to impress upon the IGTPL to reduce their Proposed Tariff by at least 30% before approval so that the THC at ICTT is competitive with that of the ports in the region.</td>
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<td>(b). The Authority while approving the reduction in free period for laden containers vide Order No. TAMP/70/2014–IGTPL dated 2 July 2015 had specifically in para 11 (viii) (b) of the said Order requested the IGTPL to consult the COPT as stipulated in clause 4.2 of the License Agreement while filing the proposal for revision of Scale of Rates which is due for revision. The COPT to, therefore, confirm whether the IGTPL had consulted them while filing the current proposal as stated in the said Order.</td>
<td>They had given only an advance copy as intimation.</td>
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<tr><td>(2).</td><td>The IGTPL in its proposal has stated that it shifted its operations from Rajiv Gandhi Container Terminal (RGCT) to International Container Transhipment Terminal (ICTT) on 18 February 2011 and there was no concurrent operations at ICTT and RGCT. The COPT to confirm the exact dates when the IGTPL closed its operations at RGCT and the date when it commenced the operations as ICTT. Also confirm that there was no concurrent operations at ICTT and RGCT.</td><td>Commercial operation of ICTT was commenced on 18.02.2011. The operation of RGCT was closed on 18.02.2011. There was no concurrent operation at ICTT and RGCT.</td></tr>
<tr><td>(3).</td><td>The actual traffic handled by the IGTPL in the years 2008-09 to 2015-16 is reported to be 2,89,380 TEUs, 3,12,189 TEUs, 3,37,053 TEUs, 3,34,926 TEUs, 3,46,204 TEUs, 3,66,376 TEUs, and 4,15,453 TEUs respectively. The COPT to confirm the actual container traffic in TEUs reported by the IGTPL.</td><td>The actual container throughput at ICTT from 2008-09 to 2015-16 based on the statement furnished by IGTPL along with the remittance of Revenue Share every month is furnished below:
<table><tr><th>Year</th><th>Total TEUs</th></tr><tr><td>2008-09</td><td>260873</td></tr><tr><td>2009-10</td><td>289381</td></tr><tr><td>2010-11</td><td>312035</td></tr><tr><td>2011-12</td><td>334103</td></tr><tr><td>2012-13</td><td>334911</td></tr><tr><td>2013-14</td><td>346204</td></tr><tr><td>2014-15</td><td>366375</td></tr><tr><td>2015-16</td><td>416448</td></tr></table></td></tr>
<tr><td>(4).</td><td>The IGTPL has projected container traffic of 4,71,300 TEUs, 5,54,000 TEUs and 6,22,600 TEUs in the years 2016-17 to 2018-19 respectively. The traffic growth projected works out to 13.45% in the year 2016-17, 17.55% and 12.38% in the year 2017-18 and 2018-19 respectively. The COPT to comment on reasonableness of the traffic forecasted by IGTPL for the years 2016-17 to 2018-19.</td><td>The cargo traffic at ICTT is expected to grow to 554000 TEUs and 622600 TEUs in 2016-17 and 2017-18 respectively. The main reason for this forecast is the growing EXIM trade from West Tamil Nadu region and significant growth in Coastal trade from Gujarat to north Kerala and West Tamil Nadu.</td></tr>
<tr><td>(5).</td><td>The IGTPL has assessed yard capacity of 3,43,381 TEUs (i.e. 3.43 lakhs TEUs) considering the existing ground slots of 2446. In this regard, the following points to be clarified / furnished.</td><td></td></tr>
<tr><td></td><td>(a).Indicate the total area allotted by the COPT to IGTPL for ICTT operations as per the License Agreement terms. Also, furnish the actual area of land available for use for ICTT project and the land in terms of storage facility and auxiliary facility at the container terminal.</td><td>(a). The total area earmarked by the COPT to IGTPL for ICTT operation as per license Agreement terms and its rate.
<table><tr><th colspan="2">The total area earmarked by the COPT to IGTPL for ICTT operation as per license Agreement terms and its rate.</th></tr><tr><td>Terminal development</td><td>60 ha. @ ₹1/- per M2 per annum subject to 30% escalation after every five years</td></tr><tr><td>Additional area of terminal development</td><td>10 ha. @ ₹.25/- per M2 per annum subject to 30% escalation after every five years</td></tr><tr><td>Berth construction</td><td>10ha. @ ₹ 1/- per M2 per annum subject to 30% escalation after every five years</td></tr><tr><td>Railway sidings&</td><td>10ha. @ Re.1/- per M2 per</td></tr></table></td></tr>
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Associated	annum subject to 30% escalation after every five years
Additional area for allied activities	20 ha. lease rent @ SoR
Details of land handed over for ICTT	
Terminal development	49.0641 ha. @ Re.1/- per M2 per annum subject to 30% escalation after every five years
Berth construction	2.8939 ha. @ Re.1/- per M2 per annum subject to 30% escalation after every five years
Railway sidings & Associated Requirement	10 ha. @ Re.1/- per M2 per annum subject to 30% escalation after every five years
Additional area for associated Requirement	0.002 ha. lease rent @ SoR ie. ₹3579030/- per ha. per annum

(b).COPT to comment on the reasonableness of the existing ground slots of 2446 considered by the IGTPL.

(b). The existing ground slots of 2446 which can handle 4,24,019 which can go upto 446,141 TEUs and these have been adequate to handle present volumes. Calculations are given below:

Present Capacity-Revised Calculation

Total Ground Slots (TGS) 2446

	OD Containers	Balance Factor	TGS	Transhipment Containers
Total TGS	2,271			175
Import dwell time	5.0	0.50	1,136	7.0
Export dwell time	5.0	0.50	1,136	7.0
Total	**10.0**			**7.0**
Capacity Driver	**OD Import**	**OD Export**	**TP**	**Total**
TGS (a)	1,136	1,136	175	
Average dwell time (b)	5.0	5.00	7.00	
Average stack height (c)	3.2	3.2	3.2	
Surge Factor (d)	1.32	1.32	1.32	
Days in period (e)	365	365	365	
TEU in period	**200,949**	**200,949**	**22,121**	**424,019**

Max Yard Capacity OD 401,898
TP 44,242
446,141

(c).COPT to comment on the proposed additional ground slots of 444 in each of the year 2016-17 and 2017-18 and the source for the additional ground slot.

(c). The additional ground slots are being developed to handle the additional volumes planned and there is adequate land available within the ICTT area which can be allocated if required

(6). The IGTPL has assessed yard capacity in Annex-2A of its proposal at 3,43,381 TEUs p.a. for the years 2014-15, 4,46,141 TEUs to 2015-16 and 5,37,988 TEUs, 6,31,731 TEUs and 6,71,019 TEUs p.a. for the years 2016-17 to 2018-19. The COPT to comment on reasonableness of the capacity assessed by the IGTPL and the investment of ₹6,399.54 lakhs proposed for development of additional

The Yard capacity assessed and cost thereof appear reasonable and the detailed working is as below.(2016-2017)

Total Ground slots 2890

	OD Containers	Balance Factor	TGS	TP Containers
Total TGS	2,540			350
Import dwell time	5.0	0.50	1,270	7.0
Export dwell time	5.0	0.50	1,270	7.0
Total	**10.0**			**7.0**

storage yard.

Capacity Driver	OD Import	OD Export	TP	Total
TGS (a)	1,270	1,270	350	
Average dwell time (b)	5.0	5.00	7.00	
Average stack height (c)	3.2	3.2	3.2	
Surge Factor (d)	1.32	1.32	1.32	
Days in period (e)	365	365	365	
TEU in period	**224,752**	**224,752**	**44,242**	**493,745**

Max Yard Capacity OD 449,503
TP 88,485
537,988

2017-18

Total Ground slots 3334

	OD Containers	Balance Factor	TGS	TP Containers
Total TGS	2,784			550
Import dwell time	5.0	0.50	1,392	7.0
Export dwell time	5.0	0.50	1,392	7.0
Total	**10.0**			**7.0**
Capacity Driver	**OD Import**	**OD Export**	**TP**	**Total**
TGS (a)	1,392	1,392	550	
Average dwell time (b)	5.0	5.0	7.0	
Average stack height (c)	3.2	3.2	3.2	
Surge Factor (d)	1.32	1.32	1.32	
Days in period (e)	365	365	365	
TEU in period	**246,342**	**246,342**	**69,524**	**562,207**

Max Yard Capacity OD 492,684
TP 139,048
631,731

2017-18

Total Ground slots 3356

	OD Containers	Balance Factor	TGS	TP Containers
Total TGS	3,006			550
Import dwell time	5.0	0.50	1,503	7.0
Export dwell time	5.0	0.50	1,392	7.0
Total	**10.0**			**7.0**
Capacity Driver	**OD Import**	**OD Export**	**TP**	**Total**
TGS (a)	1,392	1,392	550	
Average dwell time (b)	5.0	5.0	7.0	
Average stack height (c)	3.2	3.2	3.2	
Surge Factor (d)	1.32	1.32	1.32	
Days in period (e)	365	365	365	
TEU in period	**246,342**	**246,342**	**69,524**	**562,207**

Max Yard Capacity OD 531,971
TP 139,048
671,019

<table>
<tr><td>(7).</td><td>(a). COPT to confirm whether the lease rent of ₹1152 lakhs ₹1166.49 lakhs, ₹1210.63 lakhs, ₹31.81 lakhs, ₹15.89 lakhs, ₹13.11 lakhs and ₹15.83 lakhs indicated in the cost statement by the IGTPL for the years 2008-09 to 2014-15 is as per the provisions of the License Agreement (LA) entered with IGTPL. The lease rent paid by the IGTPL for the year 2015-16 may also be furnished.</td><td>(₹ in lakhs)
<table>
<tr><th>Period</th><th>2008-09</th><th>2009-10</th><th>2010-11</th><th>2011-12</th><th>2012-13</th><th>2013-14</th><th>2014-15</th></tr>
<tr><td>Produced by IGTPL</td><td>1,152.00</td><td>1,166.49</td><td>1,210.63</td><td>31.81</td><td>15.89</td><td>13.11</td><td>15.83</td></tr>
<tr><td>As per CoPT Records</td><td>1,152.00</td><td>1,290.12</td><td>1,248.11</td><td>29.73</td><td>10.73</td><td>9.33</td><td>9.70</td></tr>
<tr><td>Difference</td><td>0.00</td><td>-123.63</td><td>-37.48</td><td>2.08</td><td>5.16</td><td>3.78</td><td>6.13</td></tr>
</table>
<table>
<tr><th>Period</th><th>2015-16</th></tr>
<tr><td>Billed to IGTPL</td><td>12.01</td></tr>
<tr><td>Paid by IGTPL</td><td>11.32</td></tr>
<tr><td>Balance to be Paid</td><td>0.69</td></tr>
</table></td></tr>
<tr><td></td><td>(b). COPT to confirm whether the lease rent estimated by IGTPL for the years 2016-17 to 2018-19 at ₹12.41 lakhs, ₹12.46 lakhs and ₹12.51 lakhs respectively is as per the provisions of the License Agreement.</td><td><table>
<tr><th colspan="4">Projection for the lease rent to be collected from M/s.IGTPL</th></tr>
<tr><th rowspan="2">Area in Sq.m.</th><th colspan="3">Rent</th></tr>
<tr><th>2016-17</th><th>2017-18</th><th>2018-19</th></tr>
<tr><td>28939</td><td>37,620.70</td><td>37,620.70</td><td>37,620.70</td></tr>
<tr><td>490641</td><td>637,833.20</td><td>637,833.20</td><td>637,833.20</td></tr>
<tr><td>100000</td><td>1,30,000.00</td><td>1,30,000.00</td><td>1,30,000.00</td></tr>
<tr><td>20</td><td>8018</td><td>8178</td><td>8342</td></tr>
<tr><td></td><td>813471.9</td><td>813471.9</td><td>813471.9</td></tr>
</table></td></tr>
<tr><td>(8).</td><td>(a).The IGTPL has estimated additions to the Gross block to the tune of ₹2705.41 Lakhs, ₹2559.81 Lakhs and ₹1279.90 Lakhs respectively in the years 2016-17 to 2018-19 mainly in development of additional storage yard. The COPT to comment on the reasonableness of the additions to the gross block estimated by the IGTPL.</td><td>(a).The addition to the gross block mainly consists of development of additional storage yard. IGTPL has estimated development of 444 ground slots for 2016-17 and 2017-18 respectively and of 222 ground slots for the F.Y 2018-19.</td></tr>
<tr><td></td><td>(b).COPT to confirm the proposed investment is as per the provision in the LA giving reference to the relevant provisions of the LA.</td><td>(b).Yes, the proposed investment is as per Clause 3.8 A (i)(c) of the License Agreement, which is reproduced below:
"commensurate with the traffic build up, develop, create or provide additional Project Site/Project Facilities and Services both at RGCT and ICTT, in a timely manner and test and commission such Project Facilities and Services. In case any additional land / additional berth length is required for such development, notify in writing to the Licensor of the requirement in advance of such requirement;</td></tr>
<tr><td></td><td>(c).The COPT to clarify whether any additional land is proposed to be handed over to the IGTPL for development of additional container storage yard proposed by IGTPL in the years 2016-17, 2017-17 and 2018-19. Confirm allotment of the additional land, if any, to IGTPL is as per the provisions of the LA.</td><td>(c).The Cochin Port Trust has earmarked land for the ICTT purpose as per the Licence Agreement. However, the balance earmarked area will be allotted as and when on the request from IGTPL.</td></tr>
<tr><td>(10).</td><td>The IGTPL has, in the cost statement at sl. no. II (iv) in Form – 3A, estimated maintenance dredging cost of ₹48 lakhs for the period from January to March 2016, ₹216 Lakhs, ₹264 Lakhs and ₹307 Lakhs for the years 2016-17 to 2018-19 respectively. As per Clause 3.8 (C) (i) (b) (ii) and (d) of Article 3 of the License</td><td>The figures reported by IGTPL is the efficiency gain. In Form 3A they have mentioned the same against the Maintenance Dredging since there is no other area earmarked for the efficiency gain.</td></tr>
</table>

	Agreement entered into between the IGTPL and COPT, the maintenance dredging cost is the obligation of the licensor i.e., COPT. Even for the past period, the IGTPL has not reported any maintenance dredging cost which seems to be in line with the provisions of the LA. The estimate does not appear to be in line with the provision in the LA. The COPT is comment on the dredging expenditure estimated by IGTPL.	

7. A joint hearing in this case was held on 07 June 2016 at the COPT premises. The IGTPL made a power point presentation of its proposal. At the joint hearing, the IGTPL, COPT and the concerned users / user associations have made their submissions.

8.1. As decided in the joint hearing, the IGTPL vide our letter dated 13 June 2016 was requested to take action on the following points:

(i). At the joint hearing, the COPT and most of the users / user associations have made a request to maintain the tariff at the existing level for the present. They have requested to review the tariff of ICTT after a year. The IGTPL was, therefore, requested to examine the proposal in the light of the above observation made by COPT and users / user association and furnish its reply in a week's time i.e. by 13 June 2016.

(ii). As agreed by the IGTPL at the Joint Hearing, the IGTPL to furnish additional information / clarification sought vide our letter dated 23 May 2016 in a week's time i.e. by 13 June 2016.

8.2. With reference to the first point of action referred above, the IGTPL vide its email dated 30 June 2016 while furnishing the additional information /clarification has stated that the present tariff was due for revision as at January 2016 and as on date the IGTPL has continued to charge old tariff. In the event the revised tariff is approved and made applicable from August 2016, there would have no change in the tariff rates for seven months, thus to a large extent the suggestion from TAMP to consider the trade request for no change in rates for one year would have been met.

8.3. With reference to the second point of action referred above, the IGTPL has furnished its reply to additional information / clarification sought by us vide its emails dated 30 June 2016, 3 August 2016, 10 August 2016. A summary of additional information / clarification sought by us and the response of IGTPL are juxtaposed below:

Sl. No.	**Information / clarifications sought by us**	**Reply from the IGTPL**
(A).	**General:**	
(1).	(a).As per clause 4.2 of the License Agreement (LA), the tariff has to be competitive with the tariff level existing at international container transshipment hubs and major competing port in the region. The India Gateway Terminal Pvt. Ltd., (IGTPL) to confirm that the proposal filed for general revision of Scale of Rates complies with clause 4.2 of LA.	As mentioned in our earlier letter dated 22 March 2016, Article 4.2 of the License Agreement is a good faith clause applicable to both parties of the License Agreement and is in no way connected to Tariff Fixation by TAMP. We are submitting application for fixation of Tariff as per TAMP guidelines before the Authority and the Authority has to determine the Tariff as per the terms of the applicable guidelines and not as per the terms of License Agreement. Moreover, the Tariff fixed by TAMP is the ceiling limit, the Guidelines provide flexibility to the BOT Operators to reduce the rates at their discretion on commercial consideration, if they so desire. For attracting

		customers we are offering discounts to Transshipment as well as OD Cargo. It is well established that TAMP only fixes the ceiling of the tariff based on the TAMP guidelines alone. Even the license agreement under clause 4.1 clearly states the same. Hence it is confirmed that the proposal filed for general revision of Scale of Rates complies with LA.
	(b).The Authority while approving the reduction in free period for laden containers vide Order No. TAMP/70/2014–IGTPL dated 2 July 2015 had in para 11 (viii) (b) of the said Order specifically requested the IGTPL and COPT to address the concern of the users that the existing storage charges at IGTPL are steep and had also requested IGTPL to consult COPT as stipulated in Clause 4.2 of License Agreement. The proposal of IGTPL does not show that the advice rendered in the said Order is adhered to. The IGTPL to confirm that the advice given in the said Order is adhered to.	The tariff proposal was forwarded to COPT for their comments prior to submission to TAMP. Hence consulting process was done. Additionally COPT has also furnished its comments on the tariff proposal to TAMP vide their letter dated 11th Jan 2016. IGTPL confirms that advice given in the said order is adhered to. In fact request from trade on extended free time is addressed with specific circulars of exempting storage.
(2).	(a).The IGTPL has furnished the Audited Annual Accounts for the years 2012-13, 2013-14 and 2014-15 stating that the Audited Annual Accounts. In the last tariff Order, at para 20 (vii) and (viii), the Authority has stated that since the figures of 2008-09 considered were based on provisional Annual Accounts and 2009-10 (upto November 2009) was based on estimates, the actual position for the year 2008-09 and 2009-10 will be reviewed during the next tariff revision exercise. In this context, the IGTPL to furnish Audited Annual Accounts for the years 2008-09 and 2009-10 and also for the years 2010-11 and 2011-12 for review of actuals.	Scanned copies of Audited annual accounts were already submitted vide our mail dated 20th February 2013, also the hard copies were also sent to TAMP office. However, as required we are re-submitting the audited annual accounts for the years 2008-09, 2009-10, 2010-11 and 2011-12.
	(b).The figures considered in the cost statements for each of the years may be reconciled with the Audited Annual Accounts of the respective years, if not reconciled.	Reconciliation for the years 2009-10, 2011-12, 2012-13 have been submitted alongwith the revised proposal. The reconciliation for 2008-09 is furnished.
(3).	It is seen that the figures furnished by the IGTPL for the year 2015-16 is based on the provisional accounts for the first nine months (April to December 2015) and estimates for the remaining three months. Since the year 2015-16 is already over, IGTPL to update the estimates of 2015-16 with the actuals for the entire year 2015-16 duly reconciling the figures reported in the cost statement with the Audited Annual Accounts of the said year. Also, forward a copy of the Audited Annual Accounts for the year 2015-16. Consequent to updating the estimates of 2015-16 with reference to	The tariff application has been updated for the actuals for the period Apr-Dec 2015 & Jan-Mar 2016. The unaudited accounts have been submitted vide our mail dated 17th June 2016, the same are attached herewith along with the reconciliation between the cost statement & unaudited accounts.

	actuals, the estimates for the subsequent years viz., 2016-17 to 2018-19 to be reviewed and modified, if necessary, with reference to the actuals for the year 2015-16.	
(B).	**FINANCIAL/COST STATEMENTS:**	
(1).	**Analysis of actuals vis-à-vis estimates for the past period (Form-7):** The last tariff Order considered estimates for International Container Transhipment Terminal (ICTT) for the years 2010 to 2015 i.e., 2010 to December 2015. Clause 2.13 of the tariff guidelines requires the Authority to review the actual physical and financial performance at the end of the prescribed tariff validity period with reference to the projections relied upon at the time of fixing the prevailing tariff. In this context and with reference to Form – 7 furnished along with the proposal, the IGTPL to furnish information/ clarification on the following points:	
(i).	(a).Tariff levied by the IGTPL for its extended period operations at RGCT for the period beyond 31 December 2009 i.e. from 1 January 2010 to 17 February 2011 till it shifted its operations to ICTT.	The approved Tariff which was in force in RGCT as at Dec 2009 was continued for the period 1st Jan 2010 to 17th Feb 2011.
	(b).The reasons for delay in shifting its operations from RGCT to ICTT from the date intimated during the processing of the last tariff Order.	The original intended date of commercial operation was 2 November 2009. However, there were delays in meeting the original Date of Commercial Operations and revised date for Commencement of Commercial operation was agreed between COPT & IGTPL as 1/6/2010. IGTPL completed all construction works as on 30/04/2010 as agreed except the installation and commissioning of cranes, which could not be done due to dredging delay by COPT. The cranes were offloaded and commissioned in August 2010. However, COPT could not meet its conditions precedents viz.; National Highway Connectivity as well as depth in approach channel and basin in front of berth as required for a 14.5m draft vessel. On 20/1/2011, COPT advised IGT, it proposes to make available 350m quay length at 13m draft to begin with and to shift the operations from RGCT to ICTT with effect from 08/02/2011. The ICTT terminal was inaugurated by the Prime Minister on 11/02/2011. Due to the strike called by various unions of Cochin Port the vessels could not be handled at ICTT. Pursuant to a favourable decision by the Kerala High Court on 18/02/2011, the operations commenced on 18/02/2011 at ICTT.
	(c).Reasons for not seeking extension of the validity of the existing SOR of the RGCT for the period beyond 31 December 2009	As detailed above the date of actual shifting of operations from RGCT to ICTT was uncertain and could not be estimated with any

	till IGTPL shifted its operations to ICTT.	reasonable predictability. Hence an immediate application for extension of validity of the existing SOR of RGCT was not made and the approved tariff in force as at Dec 2009 was continued without change to Feb 2011.The returns in excess of permissible returns have been adjusted in the tariff increase sought for in the present proposal.
	(d). For the ICTT operations, the Scale or Rates approved by the Authority prescribed a note that the tariff will be increased by 3.48% per annum from 1st January 2011 till 1st January 2015. Please indicate the year wise tariff levied by the IGTPL for the operations at ICTT when it commenced thereat.	Year wise tariff levied by IGTPL for the operation at ICTT is furnished.
	(e).It seen from the Form – 7 that, for the year 2010-11, the IGTPL has segregated the actuals between RGCT for the period 1 April 2010 to 18 February 2011 and operations at ICTT for the period 19 February 2011 to 31 March 2011. The IGTPL is furnish basis of segregation of the actuals for these two period. Also, the segregated figures furnished by the IGTPL for the RGCT and ICTT may be duly certified by the practicing chartered Accountant / Cost Accountant.	The basis for segregation of the actuals for the between RGCT for the period 1 April 2010 to 18 February 2011 and operations at ICTT for the period 19 February 2011 to 31 March 2011 is detailed in Annex-5. The summary of the same is given. As required, the segregated figures duly certified by a practicing Chartered Accountant is furnished.
(ii).	The tariff fixed vide Order No.TAMP/25/2008-IGTPL dated 5 August 2009 considered the provisional actuals for the year 2008-09 and estimates for the year2009-10 (upto Nov 2009) for RGCT operations which were based on the financial year basis. For ICTT operations, the estimates were based on the calendar year basis for ICTT operations as proposed by IGTPL. However, for comparison of actuals vis-à-vis estimates in Form - 7, the IGTPL has considered the actuals on financial year basis for all the years. The IGTPL has also modified the estimates considered by the TAMP in the last tariff Order for the ICTT operations. In this regard furnish the following information:	
	(a).Furnish the reasons and basis for modifying the estimates considered in the ibid Order.	As mentioned in our forwarding letter to the tariff proposal, the estimates were for calendar year whereas the audited actuals are for financial year. To enable like to like comparison the estimates have been recast into financial year period. Basis taken for recasting estimates is furnished. Please note there is no change in the values/amounts of the estimates considered in the Order.
	(b). Reconcile the figures considered under the column “estimates” in Form – 7 with reference to the estimates considered in the said Order for each of the years.	Reconciliation of the recast figures of estimates is furnished.
	(c). Further, for the purpose of comparison	The available estimates are for ICTT for the

	with actuals, since there are no estimates available for RGCT operations for the period beyond November 2009 till 18 February 2011, what estimates are considered by IGTPL for comparison with actuals for this period is not clear. Please explain.	period Jan 2010 onwards. These have been used for comparison. The return on capital employed is computed as per actual hence basis of comparison should not be relevant.
(iii).	The income estimates as per the last tariff Order considered in the Form-7, should be suitably adjusted to capture the effect of the tariff approved by the Authority along with annual increase of 3.48% granted by the Authority for ICTT operations for a like to like comparison with actuals.	The last tariff order under Ann III, Second Table Sr. V has given the revised revenue estimates considering the tariff increase granted. These have considered in Form 7 for the comparison with actuals.
(iv).	The reconciliation statement furnished by the IGTPL in Annex–6 shows that other income to the tune of ₹30 lakhs, ₹38 lakhs, ₹40 lakhs, ₹27.20 lakhs, ₹53.10 lakhs and ₹33.60 lakhs for the 2008-09 to 2014-15 respectively has been excluded. Please indicate the nature of this income and the reasons for excluding it.	Other Income mentioned above has been excluded from the Operating revenue; some of these items of other income have been included under the Finance & Misc Income. Complete details of the nature of other income with reasons for excluding /including the same is furnished.
(v).	(a). The foreign exchange gain/ loss arising on account of actual transaction and for actual payment are captured in the cost statement for the purpose of tariff determination process. The foreign exchange gain or loss arising on account of restatement of loan / assets / expenses are not considered while determining the tariff, as it does not involve actual transaction or actual payment. The IGTPL has excluded foreign exchange loss of 4761 lakhs, ₹2550 lakhs, ₹3921 lakhs and 19001.82 lakhs for the years the years 2011-12, 2012-13, 2013-14 and 2014-15 respectively from the cost statement. Explain the nature of foreign exchange gain/ loss and confirm that exclusion of foreign exchange gain/ loss is in line with the approach followed by the Authority in tariff determination process.	IGTPL has Loans and other payables in foreign currency. The exchange losses comprise of the loss on restatement of foreign currency loans & other payable. We confirm that the same has been excluded from cost statements. These costs will be claimed on actual payment of the loans. Due to financial position of IGTPL, some of the current liabilities in foreign currency are unpaid. The loss on these and repayment of loans will be claimed in subsequent tariff cycle on actual realization of loss.
	(b).Explain the treatment of foreign exchange gain / loss, if any, for the years 2008-09 to 2010-11 in the cost statement.	As confirmed above, the foreign exchange gain/loss for the years 2008-09 to 2010-11 has been excluded in cost statements.
(vi).	As brought out in para 20 (vi) (e) of the Order dated 05 August 2009, the Authority, based on the certificate issued by the Auditor of IGTPL to the Income Tax (IT) Authority for the year 2006-07, had admitted the Technical Service fee (TSF) subject to the condition that the IGTPL will produce IT assessment Orders for each of the years 2006-07 and 2008-09at the time of next review of the to show that this IT Authority has allowed this expenditure. The IGTPL has, however, not furnished the assessment orders of IT Authorities for the year 2006-07	

<table>
<tr><td></td><td>to 2008-09. The last Order categorically mentioned that if such an evidence is not produced in the review, the estimated expenditure allowed in the said Order will be set off in the next tariff review. The IGTPL to, therefore, advised to furnish a copy of each of the following documents:</td><td></td></tr>
<tr><td></td><td>(a).Income Tax Assessment Order for the years 2006-07 to 2008-09 as well as for the period 2009-10 to 2015-16</td><td>Assessment Orders for the year AY 2006-07 to AY 2013-14 are duly enclosed. Technical Service fees for the years FY 2005-06 to FY 2011-12 were disallowed in the respective years on the technical ground of non-deduction of Tax at Source, It should be noted that there was no disallowance due to the nature of expenditure.

The said TDS remittance was made on May-2013 and IGTPL subsequently claimed the earlier disallowed expenditure from FY 2005-06 to FY 2011-12 in the return of income for F.Y 2013-14.The assessment for FY 2013-14 is not yet completed, however in recognition of the payment of TDS, the Technical Service Fee has not been disallowed in the assessment for FY 2012-13, the Assessment Order is enclosed. Therefore, the Technical service fees are allowable expenditure as per tariff guidelines.</td></tr>
<tr><td></td><td>(b).Document establishing remittance of management fee for the year 2008-09 to 2015-16.</td><td>Due to the continuing loss and consequent negative cash flow the management fees could not been paid for the referred period. These have been reflected in the audited accounts as current liabilities. As and when these will be remitted, the associated Forex losses will be claimed as deduction in next tariff cycle as per Note 8 of Form 3A.</td></tr>
<tr><td>(vii).</td><td>The Guidelines provide flexibility to the BOT Operators to reduce the rates at their discretion on commercial consideration, if they so desire. Such reduction, if any granted by IGTPL may be quantified and listed out for each of the years 2008-09 to 2015-16 for our information.</td><td>Details of trade/ commercial discounts paid during the period 2008-09 to 2015-16 are as follows:
₹ in lakhs
<table>
<tr><th>Classification</th><th>2008-09</th><th>2009-10</th><th>2010-11</th><th>2011-12</th><th>2012-13</th><th>2013-14</th><th>2014-15</th><th>2015-16</th></tr>
<tr><td>Commercial Discount of Handling Charges</td><td>4.65</td><td>3.08</td><td>1.34</td><td>53.69</td><td>10.29</td><td>59.02</td><td>3.72</td><td>1.04</td></tr>
<tr><td>Commercial Discount of Reefer Charges</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>0.06</td><td>-</td><td>-</td></tr>
<tr><td>Commercial Discount of Storage Charges</td><td>-</td><td>-</td><td>5.43</td><td>0.33</td><td>4.83</td><td>1.06</td><td>0.53</td><td>4.21</td></tr>
<tr><td>Discount to Shipper/ Consignees</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>0.03</td><td>48.50</td><td>196.39</td></tr>
<tr><td>Discounts given for POD Change/Status Change</td><td>0.37</td><td>3.54</td><td>0.53</td><td>42.93</td><td>1.88</td><td>3.28</td><td>35.71</td><td>2.00</td></tr>
<tr><td>Total</td><td>5.02</td><td>6.62</td><td>7.30</td><td>96.94</td><td>17.01</td><td>63.45</td><td>88.46</td><td>203.65</td></tr>
</table></td></tr>
<tr><td>(viii).</td><td>Please reconcile the Finance and Management Expenses (FME) considered in the cost statement with the finance cost reported in the Audited Annual Accounts for each of the years2008-09 to 2015-16.</td><td>The IGTPL has furnished the reconciliation statement.</td></tr>
<tr><td>(2).</td><td>The formats prescribed by TAMP for filing tariff revision proposal require the BOT operator to furnish estimates for three years at the existing tariff and at the proposed</td><td>Estimates for three years at the existing tariff are contained in Form 3A.</td></tr>
</table>

<table>
<tr><td></td><td>tariff. The cost statement filed by IGTPL does not contain the estimates at the existing tariff. The IGTPL to furnish revised cost statement in the light of the above observation.</td><td></td></tr>
<tr><td>(3).</td><td><u>Capacity calculation:</u></td><td></td></tr>
<tr><td></td><td>The IGTPL has assessed yard capacity of 3,43,381 TEUs (i.e. 3.43 lakhs TEUs) considering the existing ground slots of 2446. In this regard the following points may be clarified/furnished:</td><td></td></tr>
<tr><td></td><td>(a).Indicate the total backup area for ICTT as per the License Agreement terms and also furnish the actual area of land available for use for ICTT project and the distribution of available land in terms of storage facility and auxiliary facility at the ICTT.</td><td>The total area allotted by COPT in Phase IA of ICTT is 61.90 Hectares. The existing distribution of land is given below.
<table>
<tr><th>Usage of Land</th><th>In Hectare</th></tr>
<tr><td>Berth</td><td>4.9</td></tr>
<tr><td>Yard</td><td>11.8</td></tr>
<tr><td>Building/parking/other</td><td>30.2</td></tr>
<tr><td>Undeveloped Area</td><td>15.0</td></tr>
<tr><td>Total</td><td>61.9</td></tr>
</table></td></tr>
<tr><td></td><td>(b).Furnish detailed working of the existing ground slots of 2446 considered by the IGTPL indicating the area considered for stacking cargo (in ha) and the ground slots / hectare.</td><td>Total Ground Slots 2446
Total Yard Area 11.8
Total Ground slot 207 per Hectare
The yard area includes associated roads & equipment lanes.</td></tr>
<tr><td></td><td>(c).In the last tariff revision Order, 286 ground slots/hectare (ha) as considered in the upfront tariff fixation at JNPT was considered. Since the operations at the IGTPL is also for container handling, please confirm that the ground slots considered is 286 ground slots / hectare as considered in the last tariff Order.</td><td>Presently IGTPL has 207 ground slots per hectare. It may be noted that the number of ground slots per hectare would vary based on the layout of yard, roads required based on terminal design and equipment deployed and other operational factors.</td></tr>
<tr><td></td><td>(d).The IGTPL has proposed additional ground slots of 444 in each of the years 2016-17 and 2017-18 and 222 ground slots in the year 2018-19. Please furnish details of additional land, if any, proposed to be taken on lease from COPT. Also, furnish detailed working of optimal yard capacity for each of the years 2016-17 to 2018-19 in view of increase proposed in the ground slots.</td><td>As mentioned in answer to Point No.3 (a) 15 hectors of land are undeveloped and available for operational use. Total area of land required for development of grounds slots will be approximate 2.14ha, 2.14ha, 1.07ha respectively for 2016-1, 2017-18, 2018-19. Therefore, there is no need to take fresh land from Cochin Port for this purpose. The detailed working of yard capacity is given in Point no. (f) below.</td></tr>
<tr><td></td><td>(e).There appears to be some arithmetical error in the yard capacity calculation furnished in Annexure – 4 in the table. This may be corrected.</td><td>The errors noticed are due to “rounding off” difference. Attached is the revised calculation.</td></tr>
<tr><td></td><td>(f).In Form–2A (Sl. No. 10), the IGTPL has considered the yard capacity at 3,43,381 TEUs as on 31 December 2015. For the subsequent years, the IGTPL has considered the yard capacity of the terminal at 4,46,141 TEUs as on 31 March 2016, 5,37,988 TEUs as on 31 March 2017 and 6,31,731 TEUs as on 31 March 2018 and 6,71,019 TEUs as on 31 March 2019. These yard capacity figures</td><td>Detailed workings for Yard capacity calculations is summarized below:
As on 31 March 2016:
Total Ground slots 2446
<table>
<tr><th></th><th>OD Containers</th><th>Balance Factor</th><th>TGS</th><th>TP Containers</th></tr>
<tr><td>Total TGS</td><td>2,271</td><td></td><td></td><td>175</td></tr>
<tr><td>Import dwell time</td><td>5.0</td><td>0.42</td><td>946</td><td>7.0</td></tr>
<tr><td>Export dwell time</td><td>7.0</td><td>0.58</td><td>1,325</td><td>7.0</td></tr>
<tr><td>Total</td><td>12.0</td><td></td><td></td><td>7.0</td></tr>
</table></td></tr>
</table>

to be supported with detailed working.

Capacity Driver	OD Import	OD Export	TP	Total
TGS (a)	946	1,325	175	
Average dwell time	5.0	5.00	7.00	
Average stack height	3.2	3.2	3.2	
Surge Factor (d)	1.32	1.32	1.32	
Days in period (e)	365	365	365	
TEU in period	**167,458**	**234,441**	**22,121**	**424,019**
Max Yard Capacity	OD			**401,898**
	TP			**44,242**

TOTAL **446,141**

<u>As on 31 March 2017</u>

Total Ground slots 2890

	OD Containers	Balance Factor	TGS	TP Containers
Total TGS	2,540			350
Import dwell time	3.0	0.50	1,270	7.0
Export dwell time	3.0	0.50	1,270	7.0
Total	6.0			7.0
Capacity Driver	**OD Import**	**OD Export**	**TP**	**Total**
TGS (a)	1,270	1,270	350	
Average dwell time	5.0	5.00	7.00	
Average stack height	3.2	3.2	3.2	
Surge Factor (d)	1.32	1.32	1.32	
Days in period (e)	365	365	365	
TEU in period	**224,752**	**224,752**	**44,242**	**493,745**

		Calculated	Est Vol
Max Yard Capacity	OD	**449,503**	440,300
	TP	**88,485**	31,000
TOTAL		**537,988**	**471,300**

<u>As on 31 March 2018</u>

Total Ground slots 3334

	OD Containers	Balance Factor	TGS	TP Containers
Total TGS	2,784			550
Import dwell time	3.0	0.50	1,392	7.0
Export dwell time	3.0	0.50	1,392	7.0
Total	6.0			7.0
Capacity Driver	**OD Import**	**OD Export**	**TP**	**Total**
TGS (a)	1,392	1,392	550	
Average dwell time	5.0	5.00	7.00	
Average stack height	3.2	3.2	3.2	
Surge Factor (d)	1.32	1.32	1.32	
Days in period (e)	365	365	365	
TEU in period	**246,342**	**246,342**	**69,524**	**562,207**

		Calculated	Est Vol
Max Yard Capacity	OD	492,684	480,40

<table>
<tr><td></td><td></td><td>
0
TP 139,048 74,000
631731 **55440**
0

<u>As on 31 March 2019</u>
Total Ground slots 3556
<table>
<tr><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td></td><td>OD Containers</td><td>Balance Factor</td><td>TGS</td><td>TP Container s</td></tr>
<tr><td>Total TGS</td><td>3,006</td><td></td><td></td><td>550</td></tr>
<tr><td>Import dwell time</td><td>3.0</td><td>0.50</td><td>1,503</td><td>7.0</td></tr>
<tr><td>Export dwell time</td><td>3.0</td><td>0.50</td><td>1,503</td><td>7.0</td></tr>
<tr><td>Total</td><td>6.0</td><td></td><td></td><td>7.0</td></tr>
<tr><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Capacity Driver</td><td>OD Import</td><td>OD Export</td><td>TP</td><td>Total</td></tr>
<tr><td>TGS (a)</td><td>1,503</td><td>1,503</td><td>550</td><td></td></tr>
<tr><td>Average dwell time (b)</td><td>5.0</td><td>5.00</td><td>7.00</td><td></td></tr>
<tr><td>Average stack height (c)</td><td>3.2</td><td>3.2</td><td>3.2</td><td></td></tr>
<tr><td>Surge Factor (d)</td><td>1.32</td><td>1.32</td><td>1.32</td><td></td></tr>
<tr><td>Days in period (e)</td><td>365</td><td>365</td><td>365</td><td></td></tr>
<tr><td>TEU in period</td><td>265,985</td><td>265,985</td><td>69,524</td><td>601,495</td></tr>
</table>
<table>
<tr><td></td><td></td><td>Calculated</td><td>Est Vol</td></tr>
<tr><td>Max Yard Capacity</td><td>OD</td><td>531,971</td><td>520,600</td></tr>
<tr><td></td><td>TP</td><td>139,048</td><td>102,000</td></tr>
<tr><td></td><td></td><td>671,019</td><td>622,600</td></tr>
</table>
</td></tr>
<tr><td>(4).</td><td><u>Traffic Estimates</u></td><td></td></tr>
<tr><td>(i).</td><td>Update the traffic estimate with the actual traffic for the year 2015-16. Consequently, the container traffic for subsequent years 2016-17 to 2018-19 to be reviewed based on 2015-16 actual traffic.</td><td>The traffic estimates for 2015-16 has been updated with actual traffic of TEUS. There is no change envisaged in the traffic for subsequent years.</td></tr>
<tr><td>(ii).</td><td>The IGTPL has proposed aggregate investment of ₹6,399.54 lakhs for additional container storage yard during the period 2016-17 to 2018-19. The IGTPL to confirm additional traffic likely to be handled in view of development of increase in the container storage yard capacity is captured in the traffic estimation of the years 2016-17 to 2018-19.</td><td>The investment in additional yard capacity has been proposed based on the higher volume estimated for the years 2016-17 to 2018-19.</td></tr>
<tr><td>(5).</td><td><u>Income Estimation</u></td><td></td></tr>
<tr><td>(i).</td><td>The income estimation may be reviewed and modified in view of our observation to review of the traffic estimation.</td><td>Income estimations have been revised taking on account of TAMP recent order on coastal tariff and present exchange rate. Revised application is being submitted herewith.</td></tr>
<tr><td>(ii).</td><td>Note -3 in Form - 2 of the prescribed format requires detailed computation of income estimates with reference to traffic at existing SOR and proposed SOR. The proposal of IGTPL is not accompanied with detailed</td><td>Detailed income computation furnished. Subsequently, the IGTPL vide its email dated 3 August 2016 has furnished the detailed computation of income estimation.</td></tr>
</table>

<table>
<tr><td></td><td>income computation. The IGTPL to furnish detailed computation of income estimates as per note – 3 of the Form–2. Please furnish the working in soft copy also in excel with proper linkages.</td><td></td></tr>
<tr><td>(iii).</td><td>The IGTPL has estimated the income considering the exchange rate at 1 US$ = ₹65. Please modify the estimates considering the prevailing exchange rate.</td><td>Estimates have been revised considering exchange rate at 1USD = ₹67.</td></tr>
<tr><td>(iv).</td><td>The revenue from storage charges is reported as ₹2521 lakhs and 2321 lakhs for the years 2013-14 and 2014-15. Whereas, for the years 2015-16 actuals (9 months) and estimates (3 months), revenue from storage charges is estimated at reduced level of ₹1924 lakhs, and the estimates for 2016-17 to 2018-19 is ₹1762 lakhs, ₹1912 lakhs, ₹2045 lakhs respectively. The IGTPL to explain the reasons for estimating reduction in the revenue from storage charge in the years 2015-16 to 2018-19 in comparison to the actual storage revenue reported for the past though the traffic is projected to increase for this period and investment is envisaged to increase yard capacity.</td><td>The reported revenue from storage charges includes the revenue from supply of electricity, reefer monitoring and connection /disconnection of reefer containers. These have been reported separately in the revised proposal. The storage charges for the past period at ICTT is as below:
₹ in lacs
<table>
<tr><th></th><th>2011-12</th><th>2012-13</th><th>2013-14</th><th>2014-15</th><th>2015-16</th></tr>
<tr><td>Storage Revenue</td><td>2768</td><td>2744</td><td>1829</td><td>1680</td><td>1807</td></tr>
<tr><td>Revenue from reefer containers</td><td>599</td><td>555</td><td>692</td><td>641</td><td>542</td></tr>
</table>
The storage charges estimated are as below
₹ in lakhs
<table>
<tr><th></th><th>2016-17</th><th>2017-18</th><th>2018-19</th></tr>
<tr><td>Storage Revenue</td><td>1341</td><td>1467</td><td>1589</td></tr>
<tr><td>Revenue from reefer containers</td><td>550</td><td>577</td><td>602</td></tr>
</table>
In 2015-16 there have been unusual long stay containers and the revision in the coastal storage had increased the storage revenue. The increase in traffic includes the increase in transshipment containers which are permitted 30 days free time. Further with the development of external CFS the dwell time in ICTT yard has been reducing. Hence the gradual reduction in estimates of storage revenue despite projected increase in volumes. Further the investment in additional yard is required for handling the expected additional volume .It may also be noted that the growth in volume of reefer containers is not directly proportionate to the growth in overall volume.</td></tr>
<tr><td>(v).</td><td>Furnish the breakup of income under ‘Others’ estimated in Form 2B at sr. no.(D) (VIII) at ₹824 lakhs, ₹949 lakhs, ₹1053 lakhs for the years 2016-17 to 2018-19 respectively along with detailed working.</td><td>Breakup of Income under “Others” as per revised proposal is furnished. The breakup is as follows:
₹ in lakhs
<table>
<tr><th>Particulars</th><th>2016-17</th><th>2017-18</th><th>2018-19</th></tr>
<tr><td>PRE TRIP INSPECTION REVENUE</td><td>23</td><td>27</td><td>30</td></tr>
<tr><td>SHUTOUT REVENUE</td><td>26</td><td>30</td><td>34</td></tr>
<tr><td>POD/Vessel Change/ Change of status</td><td>181</td><td>208</td><td>231</td></tr>
<tr><td>BACK TO TOWN</td><td>1</td><td>2</td><td>2</td></tr>
<tr><td>On Wheel Customs Examination</td><td>219</td><td>250</td><td>277</td></tr>
</table></td></tr>
</table>

<table>
<tr><td>(6).</td><td><u>Operating Cost</u></td><td></td></tr>
<tr><td>(i).</td><td>The IGTPL at point no. 9 in Annex–II has stated that, it has escalated the cost by 3.82% p.a. as communicated by TAMP vide its letter No.TAMP/27/2005-Misc dated 8 July 2015 except for labour cost which is escalated by 11% p.a. In this regard, IGTPL may kindly note that annual escalation of 3.82% communicated vide our letter dated 8 July 2015 clearly states that it is for the tariff cases to be decided in the year 2015-16. The variation in the average Wholesale Price Index (WPI) as on 01 January 2015 and 01 January 2016 is negative at 2.74%. In view of the above position, please justify annual escalation considered by the IGTPL in the estimates.</td><td>IGTPL tariff application was filed in Dec 2015 and was to be decided in 2015-16, hence the declared escalation factor of 3.82% is applicable. In the case of labour cost the escalation has been considered at 11% based on past historical trends and future estimates.</td></tr>
<tr><td>(ii).</td><td><u>Operating and Direct Labour</u>:
The average operating and direct labour cost is estimated to increase by 6.17%, 5.88% and 7.21% during the years 2016-17 to 2018-19 respectively. Justify the escalation in cost estimated by IGTPL in the light of negative WPI for the year 2016-17 as brought out in point 6(i) above.</td><td>The increase in costs is primarily on account of increase in head count from 89 employees in 2015-16 to 99 employees in 2016-17, 109 in 2017-18 and 119 in 2018-19. At present entire set of equipment is not manned for all three shifts. The increase in headcount is to cater to the higher volumes projected in future years.</td></tr>
<tr><td>(iii).</td><td><u>Maintenance Labour:</u>
Justify increase estimated in the average maintenance labour cost by 10.18%, 11% and 11% per annum during the years 2016-17, 2017-18 and 2018-19 respectively in the light of the observation in point 6 (i) above.</td><td>In order to retain the existing staff 11% salary increase is provided for. Even with this increase the annual costs increase for 19 employees’ works out to ₹5 Lakhs per annum.</td></tr>
<tr><td>(iv).</td><td><u>Equipment running cost</u>:</td><td></td></tr>
<tr><td>(a).</td><td><u>Power Cost:</u></td><td></td></tr>
<tr><td></td><td>(i).Justify the consumption of power estimated at 15.67 units per TEU for the years 2016-17 to 2018-19 which is found to be higher in comparison to power consumption norm of 8 units per TEU in the 2008 guidelines (though these guidelines are not applicable to IGTPL). It is relevant to state here that in other Container Terminals operating in Major Port Trusts, the power consumption is found to be within the consumption norm prescribed in tariff guidelines of 2008.</td><td>Based on the actuals for 2015-16 the estimates of power cost & consumption for 2016-17 to 2018-19 have been revised as under.
₹ in Lacs
<table>
<tr><th>Particulars</th><th>Apr to Dec 2105</th><th>Jan to Mar 2016</th><th>2016-17</th><th>2017-18</th><th>2018-19</th></tr>
<tr><td>Power Cost</td><td>415</td><td>146</td><td>629</td><td>742</td><td>829</td></tr>
<tr><td>Units of Power consumed per teu</td><td>13.88</td><td>13.46</td><td>13.50</td><td>13.03</td><td>12.49</td></tr>
</table>
The power consumption mentioned includes the power consumed by Reefer containers for maintaining the desired temperature. Consumption of Power for various activity are as below:
Units of Power consumed per TEU
<table>
<tr><th>Activity</th><th>Apr to Dec 2105</th><th>Jan to Mar 2016</th><th>2016-17</th><th>2017-18</th><th>2018-19</th></tr>
<tr><td>Operational activity (equipment & Yard)</td><td>6.13</td><td>6.55</td><td>6.30</td><td>6.17</td><td>6.11</td></tr>
<tr><td>Reefer plug in</td><td>4.64</td><td>4.00</td><td>4.46</td><td>4.53</td><td>4.31</td></tr>
<tr><td>Buildings</td><td>3.11</td><td>2.91</td><td>2.74</td><td>2.33</td><td>2.07</td></tr>
<tr><td>Total</td><td>13.88</td><td>13.46</td><td>13.50</td><td>13.03</td><td>12.49</td></tr>
</table>
As can be seen the consumption of power for operational use is well within the norms</td></tr>
</table>

		specified in 2008 guidelines.
	(ii).The unit cost of power estimated at ₹10.99 for the year 2016-17 to be substantiated with copies of latest bill of two months.	Enclosed the bill copies of Feb-16 and Mar-16. We have revised the application based on actual rate applicable for March 16. Based on the rate as per March 2016 with cost escalation of 3.82% the unit rate for Power is considered at ₹9.89 in the revised application.
(b).	**Fuel Cost:**	
	The unit cost of fuel estimated at ₹35.8 / ltr. for the year 2016-17 to be substantiated with copies of latest fuel bills of two months.	Latest bill copies enclosed. Based on the actual cost of fuel on date, the average rate for 2016-17 has been taken at ₹36.10/ltr. With international fuel prices showing upward trend, these estimates are very conservative for next three years.
(c).	**Repairs & Maintenance Cost:**	
	(i).The actual repairs and maintenance cost shown at sl. No. A (c) in Form–3B at ₹412 lakhs, 436 lakhs for the years 2013-14 and 2014-15 and likewise the actuals of 2015-16 may please be correlated with the actual repairs and maintenance reported in the relevant Audited Annual Accounts.	Actuals for 2015-16 have been updated in the revised application.
	(ii).Please confirm and show that one time major repairs and maintenance cost, if any, incurred during the past period are not considered while estimating this cost item for the years 2016-17 to 2018-19.	As ICTT is a new terminal there have been no such onetime major repairs and maintenance cost in the past period .Further no such costs have been considered while estimating the repairs and maintenance cost for the years 2016-17 to 2018-19.
(v).	The IGTPL has in the cost statement at sl. no. II (iv) in Form–3A, estimated maintenance dredging cost at ₹48 lakhs for the period January to March 2016, ₹216 lakhs, ₹264 lakhs and ₹307 lakhs for the years 2016-17 to 2018-19 respectively. As per Clause 3.8 (C) (i) (b) (ii) and (d) of Article 3 of the License Agreement entered into between the IGTPL and COPT, the maintenance dredging cost is the obligation of the licensor i.e., COPT. Even for the past period, the IGTPL has not reported any maintenance dredging cost which seems to be in line with the provisions of the LA. The estimate does not appear to be in line with the provision in the LA.	This is an error .The amount mentioned in the row “Maintenance Dredging” cost represents “Efficiency Gain Costs - Electricity”, the same has been corrected in the revised proposal.
(vi).	**Equipment Hire Charges:**	
(a).	Hire charge of equipment shows steep increase from actual/estimates of ₹554 lakhs in the year 2015-16 to ₹676 lakhs in the year 2016-17 which is further escalated by 22.25% and 17.15% per annum for the subsequent two years 2017-18 and 2018-19. Justify the reasons for steep increase in the hire charges for equipment in the year 2016-17 to 2018-19 vis-à-vis 2015-16 actuals.	Hire Charges of equipment represent the charges paid for Inter Terminal Vehicles (ITV) and Inter Terminal Shuttle Bus. The ITV hire charges is variable with volume. Total costs have increased due to the increase in volume levels and expected revision in ITV contract rates as detailed below. The hire charges as per the revised application areas under. ₹ in Lacs

Particulars	2015-16	2016-17	2017-18	2018-19
Inter Terminal	471	703	892	1043

Vehicles (ITV)				
Inter Terminal Shuttle Bus	37	39	40	42
Total Equipment Hire Cost	508	742	932	1085
YoY increase % in total hire charges		46%	26%	16%
YoY increase % in ITV hire charges		49%	26%	17%
YoY increase % in Volume		12%	18%	12%

The ITV rates are inclusive of fuel and hence are variable with change in fuel prices and the contract specifies the adjustment to the rate for increase or decrease in fuel rate. Further in 2015-16, during the year from 15th Oct 2015.The applicable ITV rates for different vendors based on the age of their vehicles (older vehicles have lower rate), as detailed below:

Particulars	Vendor A	Vendor B	Average
Rate upto 1325 teus	112.61	122.61	
Rate above 1325 teus	97.61	112.61	
Average fuel costs	34.48	34.48	
Average ITV rate per teu			112.26

Comparison of the rate applicable for ITVs in the past is as below-

Particulars	2011-12	2015-16
Volume	337,053	419,550
Avg rate per TEU	112.31	112.26
Avg fuel consumed by ITV per TEU	22	18.97
Avg rate without fuel	90.31	93.29

As can be seen from the above the current rates for ITV hire had not changed from Feb 2011, except a marginal increase for one vendor in Oct 2015.

We have managed to maintain the rate applicable for ITV hire over last five years. However, now the average age of the ITVs is in excess of 8 years and are reaching their end of useful life. In order to maintain the desired level of productivity and to ensure safety within the terminal these needs to be replaced. We have asked for quotes for ITV hire based on new trucks. The rate quoted per TEU is in the range of ₹150 to ₹160 per TEU. The comparative increase in rates is due to new trucks being deployed and the fact that there has been no escalation given for the past five years.

The estimates for period Apr to July are at the existing rates and from August 2016 at the revised rates at ₹151 per TEU In 2017-18 the same rate has been maintained and in 2018-19, cost escalation of 3.82% has been given. Subsequently, the IGTPL vide its email dated

<table>
<tr><td></td><td></td><td>10 August 2016 has furnished the quotation for estimation of tractor trail charges.</td></tr>
<tr><td>(b).</td><td>Furnish a copy of valid contract / agreement / work order to justify the estimates.</td><td>Agreement copies enclosed.</td></tr>
<tr><td>(c).</td><td>Confirm whether the relevant service provider(s) engaged for hire of various equipment is after following a competitive bidding process and arm’s length relationship is maintained for such transaction which should be supported with necessary documents.</td><td>The contractors are selected after competitive bidding process. None of the service providers are group or associated enterprises and arm’s length relationship is maintained for such transaction.</td></tr>
<tr><td>(vii).</td><td><u>Lease rental</u></td><td></td></tr>
<tr><td>(a).</td><td>The lease rent for the years 2015-16 to 2018-19 is estimated at ₹8.94 lakhs, ₹12.41 lakhs, ₹12.46 lakhs and ₹12.51 lakhs for each of these years. Please explain the reasons for reduction in the lease rent estimated in these years in comparison to the actual lease rent of ₹15.83 lakhs reported in the Annual Accounts for the year 2014-15.</td><td>Lease rental for 2014-15 is ₹15.83 lakhs since one bill (Inv No. 5745 dated 12 Mar 2015) of lease rental aggregating to INR 490641 was provided twice in 2014-15 and reversed in 2015-16 consequently the cost in 2015-16 was lower.</td></tr>
<tr><td>(b).</td><td>Please indicate the land area presently allotted by the COPT to IGTPL. Also, indicate whether any additional land is proposed to be taken over from the COPT for development of additional container storage yard proposed by IGTPL in the years 2016-17, 2017-17 and 2018-19, as already requested.</td><td>The total area of land allotted by Copt to IGTPL is 61.90 hectors. As mentioned in point no.3 (a) there is about 15hectors of land are still available and only about 5.35 hectors are required for the development of proposed yard.</td></tr>
<tr><td>(c).</td><td>Furnish detailed working of estimation of lease rent for each of the year fror 2015-16 to 2018-19. Confirm the lease rent estimated by the IGTPL for the years 2015-16 to 2018-19 is as per the provisions in the License Agreement entered by it with the COPT.</td><td>The lease rent estimated for the period 2015-16 to 2018-19 is as per the license agreement. Detailed working furnished.</td></tr>
<tr><td>(viii).</td><td><u>Insurance premium:</u>
Furnish a copy of the insurance cover taken by the IGTPL for the years 2015-16 and 2016-17 to substantiate the estimates of insurance premium cost.</td><td>Insurance includes Port Package Policy and the misc policies for vehicles etc. The Port Package policy is the major cost, copy of the policy for the period 30th September 2015 to 29th September 2016 enclosed furnished. For 2016-17 the insurance cover will be taken in Sept 2016.</td></tr>
<tr><td>(ix).</td><td><u>Other expenses</u></td><td></td></tr>
<tr><td>(a).</td><td>Justify steep increase of 19.09% from actual / estimates of ₹460 lakhs in the year 2015-16 to ₹549 lakhs in the year 2016-17.</td><td>The Other expenses costs as per the revised application are as below:
₹ in lacs
<table>
<tr><th>Particulars</th><th>2015-16</th><th>2016-17</th><th>2017-18</th><th>2018-19</th></tr>
<tr><td>Other Expenses</td><td>422.36</td><td>550.89</td><td>577.38</td><td>605.46</td></tr>
<tr><td>YOY increase</td><td></td><td>30%</td><td>4.80%</td><td>4.86%</td></tr>
</table>
The other expenses comprise of cost for services of Lashing, Container Survey, documentation etc. Increase in volume directly result in additional manpower deployed for these services. The costs are fixed in nature upto certain level of volume i.e. certain range of volumes. In 2015-16 IGT has crossed the 400,000 TEUs volume level and consequently</td></tr>
</table>

<table>
<tr><td></td><td></td><td>there is increase in the labour deployed which will be stable upto volume level of 600,000 TEUs.

Given below is the per TEU costs as at 2015-16 and the average cost for the period 2016-19:
<table><tr><th>Particulars</th><th>2015-16</th><th>Avg. 2016-19</th></tr><tr><td>Per TEU cost</td><td>101</td><td>105</td></tr></table>
As can be seen above comparison, whilst there is a sharp increase in the overall costs first year, the average per TEU cost increase for 3 years is just 5% i.e. increase of 1.66% per annum.</td></tr>
<tr><td>(b).</td><td>Also, justify escalation in this item by 4.78% and 4.84% per annum for the subsequent two years 2017-18 and 2018-19 over the estimates of the respective previous year.</td><td>Explanation as detailed above.</td></tr>
<tr><td>(x).</td><td><u>Technical Service Fee</u></td><td></td></tr>
<tr><td>(a).</td><td>As per Clause 2.8.2 of the Tariff Guidelines, 2005, the ‘Technical Services Fee’ payable by the private terminals to their promoters or to their ‘associate entity’ (as defined under section 92 (A) of Income Tax Act as amended from time to time) will not be considered as admissible item of cost for tariff purposes if its reasonableness is not established applying the yardstick of ‘arm’s length relationship’. The IGTPL to, therefore, furnish the copy of IT assessment Orders for the past period as sought in our earlier request.</td><td>Enclosed as mentioned under clause B.1.(vi)</td></tr>
<tr><td>(b).</td><td>Further, the IGTPL estimated the technical service at ₹697.75 lakhs for the year 2015-16 and at ₹715 lakhs for each of the years 2016-17 to 2018-19 respectively, The basis of estimating the technical service fee for the years 2015-16 to 2018-19 may be furnished and substantiated with documentary evidence.</td><td>The technical service fees are payable to DP World FZE based on the agreement entered. The same is enclosed.</td></tr>
<tr><td>(xi).</td><td><u>Management and General Overhead:</u>
The Management and General Overhead shows an increase in Administrative expenses from ₹1693 lakhs in the year 2015-16 actuals /estimates to ₹1854 lakhs in the estimates for the year 2016-17 i.e., 9.49% which is further escalated by 8.57% and 8.68% per annum for the subsequent two years 2017-18 and 2018-19. Justify the steep increase in Management and General Overhead.</td><td>The estimates for the period 2016 to 2019 have been revised as below:
₹ in lacs
<table><tr><th>Particulars</th><th>2015-16</th><th>2016-17</th><th>2017-18</th><th>2018-19</th></tr><tr><td>Management & General Overheads</td><td>1906.51</td><td>2051.82</td><td>2232.53</td><td>2431.43</td></tr><tr><td>YOY increase</td><td></td><td>7.62%</td><td>8.80%</td><td>8.90%</td></tr><tr><td>Break-up as under</td><td></td><td></td><td></td><td></td></tr><tr><td>Salary & employee related costs</td><td>1361</td><td>1552</td><td>1714</td><td>1913</td></tr><tr><td>Other Overheads</td><td>546</td><td>500</td><td>519</td><td>518</td></tr></table>
The salary costs in 2016-17 have increased due to additional manpower (consequent to volume increase) – ₹40 lakhs (9 persons) and cost escalation by 11% based on historic increase in salary increments and in</td></tr>
</table>

<table>
<tr><td></td><td></td><td>subsequent year due to cost escalation for salary by 11%. Pursuant to cost reduction measures, the other overheads have been estimated at lower levels for 2016 to 2019.</td></tr>
<tr><td>(xii).</td><td><u>Depreciation</u></td><td></td></tr>
<tr><td>(a).</td><td>As per clause 2.7.1. of the tariff guidelines, the depreciation has to be computed based on the straight line method with life norms adopted as per Companies Act or based on life norms prescribed in the concessional agreement, whichever is higher. Please confirm whether the computation of depreciation is as per this tariff guideline provision.</td><td>The computation of depreciation is under straight line method as permitted by Companies Act.</td></tr>
<tr><td>(b).</td><td>The Companies Act, 2013 has been announced by the Ministry of Corporate Affairs. Please confirm whether the depreciation rate considered by IGTPL is based on the provisions of Companies Act, 2013. Also, indicate the depreciation rate considered by the IGTPL for each item of asset based on the useful life of assets prescribed in the Companies Act 2013 giving reference to the relevant provision in the said Act.</td><td>Depreciation is provided using the Straight Line Method (‘SLM’) as per the useful lives of the assets estimated by the management based on technical evaluation. Pursuant to this policy, depreciation on assets have been provided on estimated useful life of fixed assets given below which are different from the useful lives indicated in Part ‘C’ of Schedule II of the Companies Act,2013. This is as permitted by Companies Act under Part “A” of Schedule II of the Companies Act 2013.
The key asset categories and related rates of depreciation are:
<table>
<tr><th>Asset</th><th><u>Depreciation Rates</u></th></tr>
<tr><td><u>Buildings (including roads and paving)</u></td><td>3.34% to 6.67%</td></tr>
<tr><td><u>Wharf and yard facilities</u></td><td>3.34%</td></tr>
<tr><td><u>Plant and equipments</u></td><td>4.75% to 10.34%</td></tr>
<tr><td><u>Office equipments</u></td><td>4.75% to 20%</td></tr>
<tr><td><u>Furniture and fittings</u></td><td>6.33% to 33.33%</td></tr>
<tr><td><u>Vehicles</u></td><td>11.31% to 20%</td></tr>
<tr><td><u>Computers</u></td><td>16.21% to 33.33%</td></tr>
</table></td></tr>
<tr><td>(7).</td><td><u>Finance & Miscellaneous Income (FMI)</u>:
The IGTPL has not estimated any income from FMI for the years 2016-17 to 2018-19. Reasons therefore. Please confirm there is no admissible FMI likely to accrue during this period.</td><td>FMI majorly represented the income from scrap sales, which was included under Other Income. This is corrected in the revised submission.</td></tr>
<tr><td>(8).</td><td><u>Finance & Miscellaneous Expenses (FME)</u>:
The IGTPL has not estimated any expenditure towards FME in the years 2016-17 to 2018-19. Please confirm there is no admissible FME for these years.</td><td>There is no admissible FME for the period 2016-17 to 2018-19.</td></tr>
<tr><td>(9).</td><td><u>Capital Employed:</u></td><td></td></tr>
<tr><td>(i).</td><td>As per clause 2.7.1. of the tariff guidelines, the depreciation has to be computed based on the straight line method with life norms adopted as per Companies Act or based on life norms prescribed in the concessional agreement, whichever is higher. Please confirm whether the computation of depreciation is as per this tariff guideline provision.</td><td>The description of the assets is not exactly similar in Form 4A v/s Audited Accounts. Therefore, the certain asset descriptions are clubbed together. Enclosed is a table detailing the grouping.</td></tr>
<tr><td>(ii).</td><td>Since the year 2015-16 is already over, the IGTPL is update the cost statement with the</td><td>The revised proposal has been updated for the values of actual assets for 2015-16.</td></tr>
</table>

	actual gross block, depreciation and net block as captured in the Audited Annual Accounts for the year 2015-16.	
(iii).	The IGTPL has proposed capex of ₹2559.82 lakhs, ₹2559.82 lakhs and ₹1279.91 lakhs in the years 2016-17, 2017-18 and 2018-19 respectively in phase-wise development of additional container storage yard. Please confirm the proposed investment is as per the provision in the LA and draw reference to the relevant provisions of the LA.	As per the License Agreement –Appendix 4-2.1.3, the Phase 1 Project facilities at ICTT is "At the time of commencement of commercial operations of ICTT, berth length not less than Six Hundred metres (600 m) shall be provided with adequate equipment and capabilities such as Ship to Shore handling Cranes, Yard handling equipments, ICD handling facilities, Reefer Plug Points, and sufficient Container Stacking Yard commensurate with the traffic". Accordingly, berth length of Six hundred meters, adequate equipment and container stacking yard have been provided on 18th Feb 2011 i.e. date of migration from RGCT to ICTT. The proposed CAPEX i.e. phase-wise development of additional container storage yard is required to handle and accommodate the additional volumes estimated .Hence the proposed investment is in compliance with the LA.
(iv).	In Form 4B, the IGTPL has, in a general way, stated that additions proposed to the gross block will not improve the overall efficiency, increase in the storage capacity to meet the increased traffic, etc. The IGTPL to relook and quantify the effect of the investments proposed during the years 2016-17 to 2018-19 in terms of addition to the capacity, additional traffic/business, and reduction in unit operating cost or any improvement in the operational efficiency.	As mentioned in point (iii) above, the proposed investment is required to handle and accommodate the additional volumes estimated. Further, the Appendix 4-2 of the LA requires that the productivity should be maintained at minimum 25 moves per hour .In absence of adequate yard area the additional volumes would result in congestion consequent higher costs for trade, migration of volumes and drop in productivity to below the LA requirement.
(v).	Confirm that the entire expenditure proposed in each of the years will be capitalised in the books of accounts and also that assets worth equal amount will be physically available for operation in the very same year. In this connection it may please be borne in mind that capital work in progress is not counted towards capital employed for the purpose of claiming return.	We confirm that Capital work in progress is not counted towards capital employed for the purpose of claiming return and the assets will be physically available for operation in the year of capitalization.
(vi).	Confirm that depreciation, insurance and repairs and maintenance cost estimated, if any, on the additions to the gross block in the years 2016-17 to 2018-19 are estimated proportionately from the expected date of commissioning.	We confirm that Depreciation, insurance and Repairs & maintenance are from the expected date of commissioning.
(10).	**<u>Working Capital</u>**	
(i).	Clause 2.9.9 of the tariff guidelines of 2005 stipulates norms for estimating sundry debtors at two months' Estate income & Railway Terminal charges for estimating the working capital. The estimation of Sundry debtors by the IGTPL is not in line with the norms prescribed in the Tariff Guidelines 2005.	Norms as per Clause 2.9.9 are two months income for estimating the value of Debtors. On the basis of the past historical trend, IGTPL has taken only 8 days of income as Debtors.
(ii).	The IGTPL to arrive at the inventory	IGTPL has excluded the fuel and the

<table>
<tr><td></td><td>(excluding fuel and customized spares) allowable as per the norms prescribed in clause 2.9.9 of the 2005 guidelines.</td><td>customized spares for the purpose of estimation. Inventory has been restated on the basis of the norms as per Clause 2.9.9 guidelines of the 2005 guidelines.</td></tr>
<tr><td>(iii).</td><td>Form 6- Analysis of efficiency gain improvement
Though the IGTPL has in Form–6 stated that it has achieved cost reduction in previous cycle on account of efficiency improvement, it is not supported with any detailed working. The IGTPL is furnish detailed working in this regard. The IGTPL may refer the efficiency gain calculation at Annex - II in the Order no.TAMP/65/2013-VCTPL dated 21 March 2015 considered while fixing the tariff of Visakha Container Terminal Private Limited (VCTPL) based on the efficiency gain furnished by VCTPL and the relevant Clause 2.4.1 of the Tariff Guidelines of 2005 for this purpose.</td><td>Efficiency gain working is attached in Annex – 23. A summary of the efficiency gain is as follows:
<table>
<tr><th>Particulars</th><th>2011-12</th><th>2015 Apr-Dec</th></tr>
<tr><td>Throughput</td><td>3,37,053</td><td>306264</td></tr>
<tr><td>Total Units consumed</td><td>8,089,272</td><td>4,252,288</td></tr>
<tr><td>Average Units consumed per TEU</td><td>24.00</td><td>13.88</td></tr>
<tr><td colspan="2">Reduction in consumption of Power per TEU</td><td>10.12</td></tr>
</table>
<table>
<tr><td>Throughput</td><td></td></tr>
<tr><td>2012-13</td><td>334926</td></tr>
<tr><td>2013-14</td><td>366376</td></tr>
<tr><td>2014-15</td><td>366376</td></tr>
<tr><td>2015 April – December</td><td>306264</td></tr>
<tr><td>Total</td><td>1373942</td></tr>
<tr><td>Total unit saved</td><td>13898265</td></tr>
<tr><td>Rate per unit of power</td><td>9.06</td></tr>
<tr><td>Savings in power cost</td><td>125871800</td></tr>
<tr><td>50% reduction achieved for efficiency gain</td><td>62935900</td></tr>
</table>
[There was an error in figure of 2013-14. The figure is 346204 as against 366376]
<table>
<tr><th>Volumes</th><th>Proposed throughput</th><th>Apportioned on volume basis</th></tr>
<tr><td>Jan-Mar-16</td><td>113,286</td><td>4,047,351</td></tr>
<tr><td>2016-17</td><td>471,300</td><td>16,838,059</td></tr>
<tr><td>2017-18</td><td>554,400</td><td>19,806,960</td></tr>
<tr><td>2018-19</td><td>622,600</td><td>22,243,530</td></tr>
<tr><td>Total Volume for 39 months</td><td>1,761,586</td><td>62,935,900</td></tr>
</table></td></tr>
<tr><td>(11).</td><td><u>Scale of Rates:</u></td><td></td></tr>
<tr><td>(i).</td><td>The Authority has passed the following common adoption orders for all Major Port Trusts and BOT operators thereat. The Major Port Trusts and BOT Operators including IGTPL were include suitable notes in the SOR vide our letters brought out at Sl. No. (a) and (b) below :

(a). Order No.TAMP/53/2015-VOCPT dated 26 November 2015 relating to provision prescribed for System of classification of vessel for levy of Vessel Related Charges (VRC) and Criteria for levy of Vessel Related Charges and Concessional Coastal rate.

(b). Order No.TAMP/14/2016-Misc dated 9</td><td>The criteria for levy of concessional coastal rate have been specified in the revised SOR.

ICTT Terminal operates for all the 24 hours in a day. Vessels are handled; containers accepted and delivered, port services rendered any time during the 24 hours .Hence there are no services rendered after regular hours.</td></tr>
</table>

	February 2016 relating to prescription of lower charges for cargo & vessels related services as well as special discount in port charges for the services rendered after regular hours by the Major Port Trusts and BOT Operators operating thereat in pursuance of MOS letter No.PD/14033/101/2015-PD.V dated 3 February 2016 It is, however, seen that the IGTPL has not included the provisions stipulated suitably in the proposed SOR. The IGTPL to incorporate the same in the SOR and to consider the impact, if any, in the revenue estimates.	
(ii).	(a) The IGTPL has proposed to insert two notes under Section III – Charges for all Hazardous Containers and Over-dimensional Containers. The first proposed note states that the rates for hazardous container falling under IMO 1 and 7 will be quoted on a case basis. The second note states for ODC container exceeding the prescribed dimensions and break bulk cargo, the rates will be quoted on cases to case basis. Explain the reasons for inclusion of proposed two notes.	International Maritime Organization has developed the International Maritime Dangerous Goods Code (IMDG) as part of the International Convention of Safety of Life at Sea. As per the classification, IMO class1 refers to explosives & IMO class 7 refers to radioactive materials. In the case of Hazardous containers under IMO 1 & 7, unlike other IMO classes, these are handled by case to case clearances by Port authorities with extra precautions and specific landside arrangements including specific requirement by the customers & Port authorities. Hence these arrangements are unique to individual consignments hence the note is proposed. With regard to Over Dimensional Containers in case the cargo dimensions are more than one feet from the standard container / flat rack hooking points, special arrangements which varies considerably in terms of operational time, resources etc. according to the type of cargo and its dimensions have to be provided . Therefore, the costs would vary in each hence the rates will have to be agreed with the customer prior to handling the same.
	(b). It is relevant to draw reference to the Section 42 (4) of the Major Port Trusts Act, 1963, the BOT operator cannot recover any sum in excess of the rate approved by the Authority. The proposed note allows discretion to IGTPL to levy rates on case to case basis. This is not be in line with the provision in statute. The IGTPL to, therefore, propose specific tariff item with reference to services to be provided for such containers instead of the proposed discretionary notes.	As detailed above it will not be possible to propose specific tariff item for such services due to the inherent uncertainties in scope and extent of the operational activity required. We can reach an agreement with the customer on actual additional costs incurred for these services.
(iii).	The IGTPL has proposed to modify the description of the tariff item (iv) i.e., from "POD Change" to "POD/Vessel Change"	POD changes refers to change in the Port of Discharge, this could be consequent to undergoing a change in declared vessel

<table>
<tr><td></td><td>under Section IX–Misc. Charges. Similarly, the tariff item (v) i.e., from “Change of status of container” to “Change of status/weight of container” under Section IX–Misc. Charges. Please explain the reasons for proposing modification in the description of above mentioned items.</td><td>information. The activity involved for changes in documentation and yard operations are same, hence the revised description will give clarity to users. Similarly, a change in status refers to and includes any change in the declared container information. The revised description is intended to give clarity to the users.</td></tr>
<tr><td>(iv).</td><td>The IGTPL has proposed to include a new service under Section IX – Miscellaneous Charges at sl. no. (xii) - “Other Miscellaneous Charges – Charges not exceeding (to be fixed in consultation with trade”. The rate proposed is ₹250 and ₹375 for 20’ and 40’ container respectively. In this context the following points to be clarified:
(a). The Miscellaneous service proposed to be offered may be elaborately prescribed in the SOR.
(b). The reasons for including the words “Charges not exceeding (to be fixed in consultation with trade) is not clear. This words may be deleted from the proposed SOR.
(c). The basis for the proposed rate may be furnished supported by calculation.</td><td>There are requests from the shipping lines to weigh the containers at IGT, Consequent to the adoption of the International Convention for the Safety Of Life At Sea(SOLAS) requirement by International Maritime Organisation, the terminal may have to provision for the service of weighment of containers .

The Miscellaneous services have been renamed as Weighment charges and these are based on similar rates charges by other service providers outside the terminal. Consequently, the estimated revenue on this account has been included in the revised application.
₹ in lakhs
<table><tr><th>Particulars</th><th>2016-17</th><th>2017-18</th><th>2018-19</th></tr><tr><td>Weighment Charges</td><td>68.47</td><td>73.73</td><td>78.65</td></tr></table>The wording “Charges not exceeding (to be fixed in consultation with trade” have been deleted from the revised SOR.</td></tr>
</table>

8.4. While furnishing the requisite information/clarifications vide its letter dated 30 June 2016**,** the IGTPL has filed the revised proposal. Subsequently, the IGTPL vide its e-mail of 04 July 2016 has furnished revised SOR. The highlights of the revised proposal and SOR are as follows:

(i). The traffic estimates for the year 2015-16 have been updated based on actuals at 419550 TEUs as against 415453 TEUs considered the original proposal. Revised proposal is based on the unaudited accounts for the year 2015-16. No change in the traffic estimates for the years 2016-17 to 2018-19.

(ii). Expenditure estimates are modified.

(iii). The future period estimates continue to be upto March 2019 and the period of the proposal is from January 2016 to March 2019.

(iv). Exchange rate has been revised to 1 US$ = ₹67/- for future period estimates instead of 1 US$ = ₹65/-.

(v). In the revised proposed SOR, the IGTPL has proposed tariff for Coastal container in rupee terms corresponding to the increase proposed in the tariff for foreign container.

(vi). The effective date of tariff increase has been proposed from 1 August 2016 to 31 March 2019.

(vii). Adjustment of past period loss sought by IGTPL is as given below:

Period	Adjustment % Considered	₹ in Lakhs
Loss in RGCT period 2008-09 & Apr to Nov 2009 [(-) ₹592.07 lakhs x 100%]	100%	(592.07)
Loss in RGCT period Dec 2009 to Mar 2010 & Apr 2010 to Feb 2011 [₹652.02 lakhs x 40%]	40%	260.81
Loss at ICTT Mar 2011 to Dec 2015 [(-) ₹44468.02 lakhs x 40%]	40%	(17,787.21)
Total Loss		**(18,118.47)**
Total Loss to be set off		**(18,118.47)**

(viii). Summary of revised Cost statement at the existing tariff as forwarded by the IGTPL is tabulated below:

(₹ in lakhs)

Particulars	January 2016 to March 2016	2016-17	2017-18	2018-19
Traffic (TEUs)	113286	471300	554400	622600
Income at existing tariff	5,450	21,978	24,637	27,544
Expenditure	2,942	12,001	12,884	13,758
Net surplus	2,508	9,977	11,753	13,785
Capital employed	72,120	69,046	65,762	61,121
ROCE	2,885	11,047	10,522	9,779
Net surplus / (Deficit) after ROCE	(377)	(1,071)	1,232	4,006
Deficit of RGCT operations for the years Dec 2009 to Dec 2015 spread over 3 years and 3 months	(1394)	(5575)	(5575)	(5575)
Net surplus / (Deficit) after adjustment of surplus/(deficit) at RDCT/ICTT operations	(1771)	(6645)	(4343)	(1569)
Net Surplus / (Deficit) as a % of operating income (XIV/I in %)	-32%	-30%	-18%	-6%

(ix). Based on the deficit in the revised cost statement and the after considering past period loss, the IGTPL has proposed 9.12% increase in the tariff over the existing tariff. The proposed tariff is to make it applicable from 01 August 2016. Further, the IGTPL has proposed annual increase of 9.12% from 1 April 2017 onwards for the years 2017-18 and 2018-19.

8.5. Subsequently, the IGTPL vide its email dated 10 August 2016 and 17 August 2016 has furnished further information/ clarification as follows:

(i). As required under Accounting Standard 28, IGTPL has reported impairment loss of assets to the tune of ₹7.75 Crores in the financial year 2009-10 which is captured in depreciation and net fixed assts. The assets for which the impairment was provided were the expected loss on Rail Mounted Quay Cranes (RMQC) lying at RGCT (erstwhile terminal) which was expected to be taken back by COPT at a pre-determined price as per the license agreement. In addition to above, the IGTPL also provided for loss on the assets to be scrapped, since these assets were not physically movable while shifting to ICTT. The summary of the impairment loss of assets of ₹7.75 crores in the year 2009-10 reported by the IGTPL is as given below:

Particulars	Amount in ₹
Original Cost of the Assets	38,30,48,303.00

Net Book Value as at 30 June 2010	17,62,29,680.00
Realisable value from COPT	9,87,52,000.00
Impairment Loss	7,75,04,680.00

(ii). However, the actual movement from RGCT to ICTT took place in Feb 2011. ICTT sold two RMGCs as aforesaid to COPT, and balance items like Civil Structures, Furniture & Fittings, Electrical Fittings, IT cablings, were scrapped. The actual profit & loss on these assets were booked in 2010-11 to the tune of ₹46.00 lakhs.

(iii). The IGTPL has furnished the detailed breakup of bank charges for the years 2010-11 to 2014-15.

9. The proceedings relating to consultation in this case are available on records at the office of this Authority. An excerpt of the comments received and arguments made by the concerned parties will be sent separately to the relevant parties. These details will also be made available at our website http://tariffauthority.gov.in.

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

(i). The Licence Agreement between Cochin Port Trust (COPT) and India Gateway Terminal India Limited (IGTPL) covers two licenses, viz., operation of existing Rajiv Gandhi Container Terminal (RGCT) and International Container Transhipment Terminal (ICTT).

(ii). (a). The Scale of Rates (SOR) for the operations by the India Gateway Terminal Private Limited (IGTPL) was last approved by this Authority vide Order dated 5 August 2009. During the proceedings relating to the last Order, the IGTPL had stated that it would migrate the Container Handling operations to ICTT by November 2009. The COPT had also endorsed this position then. This Authority in the last tariff Order of 5 August 2009 allowed IGTPL to continue with the then existing SOR for RGCT till December 2009. Separate SOR for ICTT at Vallarpadam of the IGTPL was approved for period from 1 January 2010. The validity of the SOR was prescribed till 31 December 2015. The tariff approved for ICTT was subject to an annual escalation of 3.48% over rates of the immediate preceding year from the year 2011 to 2015.

(b). The IGTPL in its proposal has stated that it shifted its operations from RGCT to ICTT on 18 February 2011 and there was no concurrent operations at ICTT and RGCT. The COPT has also endorsed this position.

Though the original intended date of commercial operation was 2 November 2009, there was delay in migrating to ICTT on account of various reasons and they commenced operations at ICTT on 18 February 2011. Thus, the IGTPL has continued its operations at RGCT for the period beyond the validity of the SOR of RGCT prescribed at 31 December 2009 i.e. from 1 January 2010 to 17 February 2011 till it shifted its operations to ICTT. The IGTPL has also reported that the then existing tariff prescribed for RGCT was continued till17 February 2011. Since the date of actual shifting of operations from RGCT to ICTT was uncertain and could not be estimated with any reasonable predictability, an immediate application for extension of validity of the SOR of RGCT was not made and the approved tariff in force as on 31 December 2009 for RGCT was continued to be levied till 17 February 2011.

(iii). The IGTPL in their original proposal dated 16 December 2016 had proposed 6.98% annual tariff increase with effect from 1 January 2016. Subsequently, the IGTPL has filed revised cost statements under cover of its letter dated 30 June 2016 updating the estimates of 2015-16 with actuals and has also modified the estimates for the years 2016-17 to 2018-19. Based on the revised cost statement, IGTPL has sought annual tariff increase of 9.12% per annum with effect from August 2016. The revised proposal filed by the IGTPL vide its letter dated 30 June 2016 and additional information/ clarification furnished by IGTPL during the proceedings relating to this case are considered for the purpose of this analysis. The proposal of the IGTPL is analysed in two parts viz. (I) RGCT operations and (II) ICTT operations

I. Operations at Rajiv Gandhi Container Terminal (RGCT)

(A). For the period 2008-09 and 2009-10 (upto November 2009)

(i). During the last revision of August 2009, the financial position of RGCT for the year 2008-09 was analysed based on provisional accounts. Accordingly, the additional surplus over and above the admissible cost and permissible return was at ₹1206.45 lakhs and estimates of additional surplus of 2009-10 (upto November 2009) was at ₹815 lakhs for the year 2009-10. For reasons stated in the said Order, the aggregate additional surplus for the years 2008-09 based on provisional accounts and 2009-10 based on estimated i.e. ₹2021.45 lakhs was adjusted over a period of five years of ICTT operation. Since the figures considered in the analysis for the year 2008-09 was based on provisional accounts and 2009-10 was based on estimates, the actual position for the year 2008-09 and 2009-10 was subject to review during the next tariff revision exercise. If any variation is found in the additional surplus quantified, such variation was to be fully adjusted in the next tariff validity cycle. That being so, the analysis of actuals for the years 2008-09 and 2009-10 (upto November 2009) vis-à-vis the estimates for the corresponding period is as given below:

(a). The IGTPL has furnished actuals for the 2008-09 and 2009-10 (upto November 2009) based on the actuals reported in the Audited Accounts. The actual income and expenditure considered in the cost statement has been reconciled by the IGTPL with the actual income and expenditure reported in the Audited Accounts. The actuals for the years 2008-09 and 2009-10 (upto November 2009) as furnished by the IGTPL duly reconciled by the IGTPL with the Accounts are considered subject to the modification/ analysis given in the following paragraphs:

(b). The actual traffic reported in 2008-09 and 2009-10 (upto November 2009) is 2,60,873 TEUs and 1,95,169 TEUs as against 2,60,872 TEUs and 1,85,010 TEUs respectively furnished by IGTPL at the time of August 2009 Order. The IGTPL during the processing of this case has reported to have given discounts of ₹5.02 lakhs in the year 2008-09 and ₹6.62 lakhs in the year 2009-10. The Actual income as reported in the Accounts net of discounts is captured for review exercise.

(c). The IGTPL has rightly excluded the Dividend receipts and profit on sale of current non-trade investments in the cost statement maintaining the position followed in the last tariff Order.

(d). For the year 2008-09, the Annual Accounts report foreign exchange loss of ₹236.41 lakhs. The approach followed by the Authority is to allow loss on foreign currency transaction as an item of cost only for the actual repayment of loan / debt. The IGTPL has clarified that exchange losses comprise of the loss on restatement of foreign currency loans & other payable and has confirmed that the same has been excluded from cost statements. Whilst the IGTPL has excluded foreign exchange loss reported in the Annual Accounts from the year 2009-10 onwards, the IGTPL has not excluded the foreign exchange loss of ₹236.41 lakhs reported in the year 2008-09. This is excluded in the cost statement prepared by us in line with the approach adopted by the IGTPL for the subsequent years.

(e). IGTPL is not eligible for revenue share as cost in computation of tariff, by virtue of the relevant condition in its License Agreement and clause 2.8.1 of the tariff guidelines of 2005 issued by the Government. Revenue share was not admitted as cost in the last tariff Order. The IGTPL has rightly excluded revenue share as item of cost in the actuals for all the years for RGCT, ICTT as well as in the future projections for ICTT tariff.

(f). The IGTPL has rightly excluded interest on fixed deposits, Interest on overdue payable to COPT while furnishing the actual expenditure.

(g). During the last tariff revision, the Technical Service Fee payable by IGTPL to DP World FZE for providing Business Management Support Services to IGTPL was allowed as an item of cost relying on the certificate issued by its Chartered Accountant certifying arm's length relationship of the transaction and this was subject to the condition that the IGTPL will produce copies of the IT Assessment Orders at the time of next tariff review for each of the years to show that the Income Tax Authorities have allowed this expenditure. If such evidence is not produced, expenditure allowed is required to be set off in the next tariff review.

The IGTPL has now furnished IT assessment Orders for the Assessment Years viz., 2006-07 to 2013-14. The IGTPL has stated that Technical Service Fee for the years FY 2005-06 to FY 2011-12 was disallowed by the IT Department on the technical ground of non-deduction of Tax at Source. The IGTPL has further stated that there was no disallowance due to the nature of expenditure. On perusing the copies of the IT Assessment Orders furnished by the IGTPL for the Assessment years 2006-07 to 2010-11 (FYs 2005-06 to 2009-10), it is seen that the Assessing Officer has disallowed the TSF claimed as expenditure by the IGTPL in respective financial years on the grounds that the expenditure on TSF is subject to TDS since the Dubai Port World FZE is not Local Authority in the United Arab Emirates and is incorporated in the Jebel Ali Free Zone, Emirates of Dubai.

The IGTPL has stated that it has made TDS remittance in May 2013 and subsequently claimed the earlier disallowed expenditure from FY 2005-06 to FY 2011-12 in the return of income for F.Y 2013-14. The assessment for FY 2013-14 is not yet completed, however in recognition of the payment of TDS, the Technical Service Fee has not been disallowed in the assessment for FY 2012-13. With reference to the assessment years 2011-12 to 2013-14 it is noted that the IT Authorities have allowed the technical service fee termed as "Management fee" as expenditure for the purpose of income tax assessment in the respective years. Therefore, the

IGTPL has justified that Technical service fees is allowable expenditure as per tariff guidelines. The IGTPL has stated that due to the continuing loss and consequent negative cash flow the management fees could not been paid for the referred period but is reflected in the audited accounts as current liabilities. As and when these will be remitted, the IGTPL proposes to claim the associated Forex losses in next tariff cycle.

As per Clause 2.8.1. of the tariff guidelines of March 2005, Technical Service Fee (TSF) payable by the private terminals to their promoters or to their associate entity can be admitted as an item of cost for tariff fixation purposes if yard-stick of 'arm's length relationship' is established as defined under Income Tax Act, 1961. Since clause 2.8.2. require to assess the reasonableness of the transaction only with reference to arm's length relationship of the transaction which is not contested by the IT department, and also recognising that the IT Department has admitted this item in the year 2012-13, this expense is allowed. Thus, the actual Technical Service Fee with reference to the years 2008-09 to 2010-11 for its operations at RGCT as well as for the operations at ICTT till 2015-16 is allowed in line with the approach followed in the last tariff Order. The IGTPL is advised to produce the IT assessment orders for each of the years from 2013-14 onwards obtained from the Income Tax Authorities at the time of next review to show that the IT department has admitted this item of cost and also confirm the payments have been done by the IGTPL. If such evidence is not produced, expenditure allowed now will be set off in the next tariff review.

(h). In the present model of tariff fixing, the effect of direct taxation is not considered. Fringe benefit tax not is considered as an item of cost in line with the decision taken already in the tariff cases pertaining to Cochin Port Trust, Kolkata Port Trust, Kandla Port Trust, etc., Fringe benefit tax of ₹7.54 lakhs reported in the year 2008-09 is excluded.

Interest received on Income Tax refunds, Dividend receipts and profit on sale of current non-trade investments and interest income from deposits are not considered in the cost statement maintaining the position followed in the last tariff Order.

(i). The Annual Accounts for the year 2009-10 reports ₹775.05 lakhs towards impairment of assets for its operations at RGCT. The IGTPL has clarified that assets for which the impairment was provided were the expected loss on Rail Mounted Quay Cranes (RMQC) lying at RGCT (erstwhile terminal) which was expected to be taken back by COPT at a pre-determined price as per the license agreement. In addition, the IGTPL has provided for loss on the assets to be scrapped since these assets are not physically movable while shifting to ICTT. The IGTPL has furnished detail breakup of the impairment loss reported in the Annual Accounts in the year 2009-10.

It is relevant here to state that during the last tariff revision the IGTPL had estimated impairment loss of ₹11.70 crores with reference to original asset value of ₹43.39 crores comprising of ₹40.80 crores payable to COPT towards transfer cost of assets worth ₹40.80 crores taken over from the COPT plus ₹2.59 crores of other assets. While arriving at the impairment loss of ₹10.95 crores receivable from COPT for 2 QCs and 1 RTGs to be handed over to the Port was excluded from the value of assets.

During the current revision, the IGTPL has reported impairment loss of ₹7.75 crores in its Annual Accounts 2009-10. The IGTPL has furnished detailed break up of this loss with reference to the original value of assets of ₹38.30 crores, whose net book value of assets as on 30 June 2010 is reported to be ₹17.62 crores less net realizable value from the COPT ₹9.87 towards 2 QCs. (i.e. ₹17.62 crores – ₹9.87 crores = ₹7.75 crores) This position as furnished by the IGTPL is relied upon.

The IGTPL has stated that impairment loss of ₹7.75 crores reported in the year 2009-10 is on account of net value of assets of the RGCT which need to be scrapped, since these assets are not physically movable while shifting to ICTT.

The impairment loss reported by the IGTPL as stated in the last tariff Order is because the IGTPL has deprecated the assets of the RGCT over their useful life estimated by the management 8.1 to 9.08 years. The depreciation policy adopted by the IGTPL is different from the position considered in the last tariff Order. The approach adopted in the initial tariff fixation as well as in the August 2009 Order for appraising the actual position is to evenly distribute the burden over the period of operation of the RGCT. The same approach is adopted in the current exercise as well.

As stated in the said Order, IGTPL has depreciated the assets over 8.10 to 9.06 years. Recognising the IGTPL was to move to ICTT by November 2009 i.e. operations at RGCT was to be for 4 years and 8 months, additional depreciation of ₹164.42 lakhs separately for each of the years 2005-06 to 2007-08 and 2008-09 (based on provisional accounts) was considered applying the depreciation rate of 21.41% (i.e. 100/ 4.67 years = 21.41%) instead of IGTPL depreciating the assets over 8.10 to 9.06 years. This adjustment is shown separately in the cost statement attached to Annex - I of the August 2009 Order.

The aggregate of ₹164.42 lakhs * 4 years (from 2005-06 to 2008-09) is ₹657.68 lakhs. It can be seen that even in the current analysis while reviewing the actuals vis-à-vis the provisional accounts for the year 2008-09 the adjustment of ₹164.42 lakhs is considered as considered in the August 2009 Order and as considered by the IGTPL as well.

While reviewing the actuals of 2009-10 upto November 2009 with estimates in the current exercise, ₹117.37 lakhs (i.e. actual impairment loss of ₹775.06 lakhs reported by the IGTPL less additional deprecation of ₹657.68 lakhs already considered for the years 2005-06 to 2008-09) is added to the actual depreciation reported in the year 2009-10.

Thus, in short as against the treatment given by the IGTPL of considering impairment loss of assets of RGCT in one particular year 2009-10, additional depreciation for the years 2005-06 to 2009-10 was considered as stated above. That being so, the impairment loss of ₹775.05 lakhs reported by the IGTPL in the year 2009-10 is excluded from the depreciation reported in the Accounts to avoid duplication of the same item.

The effect of above on the return on capital employed in the year 2008-09 is captured separately as done in the last tariff Order. Likewise, for the year 2009-10 as well, the effect of the above adjustment is captured in the Net Fixed Assets reported in the Annual Accounts for the year 2009-10. This is in line with the approach followed in the last tariff Order.

(j). It can be seen in the last tariff Order, that ₹141.36 lakhs was estimated as impact of wage revision for the period from 1 January 2007 upto November 2009 towards COPT employees taken over by the IGTPL and was shown as adjustment in the year 2008-09. Since actual wage revision impact would have been captured in the actuals reported in the Accounts which is taken into consideration while reviewing the actuals, this adjustment is not considered in the actuals for the year 2008-09.

(k). As per the Order passed by the Authority on 30 September 2008 refining and clarifying certain areas of tariff fixation under 2005 guidelines, prepayments of certain expenses which flow from the provisions of the Licence Agreement can be considered as Sundry Debtors. The License Agreement entered by the IGTPL with the COPT do not prescribe any advance payment of lease rentals. Hence, none of the items flowing from the License Agreement qualify for consideration.

(l). (i). In the computation of working capital for assessing the current assets, the IGTPL has considered 8 days of income as Debtors. Clause 2.9.9 of the tariff guidelines of 2005 stipulates norms for estimating sundry debtors at two months' Estate income & Railway Terminal charges for estimating the working capital which is nil in the case of IGTPL. Sundry debtors considered by the IGTPL is modified as it is not in line with the norms prescribed in the Tariff Guidelines, 2005.

(ii). The tariff guidelines of 2005 prescribe a limit of six months average consumption of stores excluding fuel in case of items of inventory. When IGTPL was asked to arrive at inventory as per the norm prescribed in the tariff guidelines of 2005, the IGTPL has clarified that fuel and the customized spares are excluded and that inventory has been restated on the basis of the norms as per Clause 2.9.9 guidelines of the 2005 guidelines. The inventory as considered by IGTPL is considered in the working capital calculation.

(iii). With reference to the cash balance, the IGTPL has stated that it has calculated the cash balance as per norms. As per the tariff guidelines of 2005, cash balance is to be allowed at one month's cash expenses. However, the Cash balance considered by IGTPL is seen to be lower than the prescribed norms. Cash balance considered by IGTPL is modified in line with the guideline position.

(iv). The IGTPL has only considered the trade payables as current liability. Current liability considered by the IGTPL does not include dues to Creditors for capital goods, payable to COPT, Advances received from customers, other payables etc., reported in the Annual Accounts of the years 2008-09 and 2009-10. The current liability considered by IGTPL is modified to capture these items as well.

(v). Subject to the above adjustments, Working Capital works out to be negative. Hence, it is considered as NIL. Thus, the Capital Employed comprises of only Net Block of Assets at ₹5837.76 lakhs, ₹4451.09 lakhs for the years 2008-09 and 2009-10 respectively.

(vi). In the last tariff Order, Return on capital employed at 16% was allowed for the years 2008-09 and 2009-10. The same position is followed while analysing the actuals. For the year 2009-10, ROCE is considered for 8 months upto November 2009 as done in the last tariff Order.

(vii). Subject to above modification, a copy of the cost statement reviewing actuals of 2008-09 as against the estimates considered in the August 2009 Order based on provisional accounts 2008-09 is attached as **Annex - I(a)** and actuals of 2009-10 vis-à-vis estimates of 2009-10 (upto November 2009) is attached as **Annex - I(b)**. A summary of the variation in the net surplus for this period assessed in August 2009 Order vis-à-vis actual is tabulated below:

(**₹ in lakhs**)

Particulars	**Net surplus estimated in 5 August 2009 Order**	**Net surplus assessed as per Actuals**	**Variation**
FY 2008-09	1,206.45 (Provisional Accounts)	1252.23	**45.78**
FY 2009-10 (April 2009 to November 2009)	815 (Estimates)	487.22	(327.78)
Total	**2,020.45**	**1,739.45**	**(282.00)**

In the last tariff Order as stated in para 20(viii) (e), the aggregate additional surplus estimated for the years 2008-09 and 2009-10 i.e. ₹2020.45 lakhs was adjusted over a period of five years of ICTT operation while determining the tariff for ICTT. It can be seen that the actual net surplus for the corresponding period is ₹1739.45 lakhs. As stated earlier, the Authority in the said Order held that, if any variation is found in the additional surplus of ₹2020.45 lakhs quantified, such variation will be fully adjusted in the next tariff validity cycle. Accordingly, ₹282.00 lakhs which is the excess adjustment of estimated surplus done in the August 2009-10 Order is required to be set off now from the overall deficit reflected in the ICTT operations which is brought out in the subsequent paragraphs.

(B). For the operations carried out by IGTPL at RGCT for the period from December 2009 to 17 February 2011.

(i). In the August 2009 Order, estimates for RGCT provided by the IGTPL was upto November 2009 as the IGTPL envisaged to migrate to ICTT from January 2009. As stated earlier, the IGTPL has continued its operations at RGCT for the period beyond the validity of the SOR of RGCT. Hence, the actuals for the operations at RGCT from December 2009 till 17 February 2011 is to be analysed.

(ii). (a). For the year 2009-10, the IGTPL has segregated the actuals reported in the Annual Accounts for the period from December 2009 to 31 March 2010 and has also furnished reconciliation statement which is relied upon and considered. The adjustment done relating to working capital is as explained in the preceding paragraph.

(b). For the year 2010-11, the IGTPL has segregated the actuals between RGCT for the period 1 April 2010 to 18 February 2011 and operations at ICTT for the period 19 February 2011 to 31 March 2011. The segregated figures are duly certified by a practicing Chartered Accountant, which is relied upon. The IGTPL has furnished reconciliation of the income and expenditure considered in the cost statement with the income and expenditure reported in the Accounts. The income as reported in the Audited Accounts net of discount offered by the IGTPL as considered by the IGTPL is considered. The items of income and the expenditure items excluded done by the IGTPL from the income and expenditure reported in the Audited Accounts for the year 2010-11 is in line with the approach followed by it in the year 2009-10 which is discussed in the preceding paragraphs and hence not reiterated.

The working capital furnished by IGTPL for this period is modified following the working capital norms as explained in the preceding paragraph and is in line with the approach followed for the analysis done for the years 2008-09 and 2009-10 (upto November 2009). Modified Working Capital works out to be negative. Hence, it is considered as NIL. Thus, the Capital Employed comprises of only Net Block of Assets at ₹3793.31 lakhs (upto 17 February 2011) for the year 2010-11. For the year 2009-10, it is ₹4451.09 lakhs as stated earlier. Return on capital employed is considered at 16% as allowed for the years 2008-09 and 2009-10 for the extended operations at RGCT.

Subject to above modification, a copy of the cost statement reviewing actuals of years 2009-10 from December 2009 upto March 2010 and for the year 2010-11 (upto 17 February

2011) forms part of **Annex - I(b)**. A summary of the actual position and the net surplus for this period is tabulated below:

(₹ in lakhs)

Particulars	2009-10 (4 months-December 2009 upto March 2010)	2010-11 (upto 17 February 2011)	Total
Traffic (in TEUs)	94211	282923	377134
Total Income	2930.36	8254.37	11184.73
Total Expenses including FMI less FME	2282.27	7204.27	9486.54
Surplus/ deficit before Return	648.09	1050.10	1698.19
Capital employed	4451.09	3793.31	4122.20 (Avg)
16% ROCE	237.39	531.06	768.45
Additional Net Surplus after admissible ROCE	410.70	519.04	929.74

From the above table, it can be seen that the IGTPL has made aggregate additional surplus of ₹929.74 lakhs for its operations at RGCT from December 2009 till 17 February 2011.

The IGTPL had, in their original proposal, considered 100% adjustment of the surplus for this period for extended operations in the RGCT. However, in the revised working furnished in June 2016, the IGTPL has considered 40% adjustment for the extended period of operations at RGCT.

It is relevant to state that for the analysis of the actuals for this period there are no estimates for the operations at RGCT, as the IGTPL during the last revision had proposed to migrate from RGCT by November 2009 and commence operations at ICTT from January 2010.

Analysis of actuals for this period will not fall under clause 2.13 of the Tariff Guidelines 2005 which requires comparison of estimates considered in previous tariff Order with the actuals. Estimates of ICTT considered in August 2009 Order is not comparable with the facilities and capital cost envisaged for RGCT and hence rightly not compared by IGTPL as well. Hence, the approach adopted by the IGTPL of adjusting 40% of the additional surplus of RGCT for the period December 2009 to 17 February 2011 is not found to be appropriate.

During the last tariff revision, the approach followed was that the entire surplus estimated for RGCT for the period 2008-09 to 2009-10 (upto November 2009) was adjusted against the deficit estimated for ICTT while arriving at the tariff for ICTT. That being so, the same approach is to be followed with reference to the actual additional surplus of ₹929.74 lakhs for the operations of IGTPL at RGCT from December 2009 till February 2011. Accordingly, the entire additional surplus of ₹929.74 lakhs assessed based on actual operations at RGCT for the period December 2009 upto 17 February 2011 is considered for adjustment in the tariff for ICTT.

(iii). To summarise, the total adjustment of the additional surplus assessed for past period of RGCT from 2008-09 till 17 February 2011 for adjustment in the tariff for ICTT is ₹647.74 lakhs i.e. Additional surplus of ₹929.74 lakhs for the period from December 2009 upto 17 February 2011 less ₹282.00 lakhs being variation i.e. excess adjustment of estimated surplus done in the August 2009-10 Order for the period 2008-09 and 2009-10 upto November 2009 as analysed in the preceding paragraphs.

II. **<u>For operations at International Container Transhipment Terminal</u>**:

(i). Before proceeding to analysis the actuals vis-à-vis estimates of ICTT, it is relevant to deal with one of the points made by the COPT. The COPT, during the proceedings of this case, has stated that the Authority, at the request of the IGTPL as well as on its own, had applied the principles of 2004 and 2008 Guidelines in the Tariff Order approved for ICTT in July 2009 Order. The contention of the COPT that the Authority on its own had applied the principles of 2004 and 2008 Guidelines while disposing of the proposal filed by the IGTPL for general revision of its scale of rates does not reflect the factual position. This is evident from the own statement of COPT made that subsequently that the IGTPL had then specifically requested the Authority to determine the tariff for ICTT operations on a normative basis over a long term period in conformity with the 2008 Guidelines. The final tariff for ICTT operations was fixed following the cost plus return method only. In the last tariff revision, the IGTPL has requested to determine the tariff for ICTT operations on a normative basis over a long term period in conformity with the guidelines of February 2008. The cost statement under cost plus method showed an average deficit of 57.85% at the existing tariff level i.e., RGCT rates for the tariff cycle from 2010- to 2012 and 12.09% at the existing tariff level (i.e. RGCT rates) for the next tariff cycle i.e. 2013 to 2015 resulting an increase of 57.85% for the first tariff cycle and then the increased tariff of first cycle is to be reduced by 29.56% in the next cycle i.e. 2013-2015 following the usual cost plus method. This showed that there would be wide fluctuation in the tariff movement for the ICTT operations under the usual cost plus method. As brought out in para 20(xxi), in order to smoothen the impact of steep hike in tariff increase in one cycle, an analysis was done for six years i.e. two tariff cycles. The reasons for considering the normative method was elaborately discussed in para 20 (x) to (xv) of the tariff Order dated 5 August 2009.

As brought out in para 20(xv) of July 2009 Order, there was primary concern over steep increase in tariff in initial phase of ICTT by IGTPL, COPT and users. Few user associations had demanded reduction in the rates. The COPT had also then correctly pointed out at the joint hearing that the task before the Authority is to balance the trade interest and allow the reasonable level of return to the operator on the investment of IGTPL for creating the facilities since there was a steep hike in tariff in the initial phase of the project due to high level of capital investment.

The estimated revenue requirement under the cost plus method envisaged by the tariff guidelines of 2005 was taken as base for determination of tariff. Since the normative approach provides a useful analytical tool to refine the usual cost plus method to moderate the initial tariff hike and at the same time to allow the entitled return to the operator over a longer horizon of time, the normative method was used only as an analytical tool to even out the fluctuations in revenue over the first few years and to determine the lower revenue base in the initial tariff to smoothen the tariff increase.

(ii). Clause 2.13 of the tariff guidelines of 2005 mandates review of the actual physical and financial performance of the private terminal at the end of the prescribed tariff validity period with reference to the projections relied upon at time of fixing the prevailing tariff.

During the last review of tariff of IGTPL, the Authority had, for the reasons cited in the August 2009 Order, determined tariff for the ICTT for six years based on the estimates for six years viz. 2010 to 2015 furnished by the IGTPL.

As stated earlier, the IGTPL has shifted its operation to ICTT and commenced the operations on 18 February 2011 as against the 1 January 2010 proposed during the last tariff revision. Since the actuals for the operations at ICTT are reported only from 18 February 2011, the relevant period for comparison of actuals vis-à-vis estimates is from 18 February 2011 till 31 December 2015. The estimates considered for the year 2011 is, therefore, pro-rata adjusted for 317 days i.e. from 18 February 2011 till 31 December 2011 for like to like comparison for the period of operations at ICTT. Since the estimates are based on calendar year and the actual reported are based on actuals, the comparison is done in a consolidated manner for the estimates from 18 February 2011 to 31 December 2015 vis-à-vis actuals for the corresponding period.

The estimates for the years 2010 to 2015 considered in the August 2009 Order is for calendar year basis as then furnished by the IGTPL. However, the actuals reported by the IGTPL is as per the Audited Accounts is on financial year basis. As stated earlier, for the year 2010-11, the IGTPL has furnished the segregated accounts for its operations at RGCT for the period from 1 April 2010 to 17 February 2011 and for its operations at ICTT from 18 February 2011 to 31 March 2011 duly certified by the Chartered Accountant, which is relied upon.

As regards 2015-16, the IGTPL has updated the figures based on the provisional/ unaudited accounts and segregated it for the period upto April 2015 to December 2015 and January 2016 to March 2016 for like-to-like comparison with the estimates for ICTT, which is upto December 2015. The figures based on provisional accounts for the period January 2016 to March 2016 considered in the cost statement for the segregated two periods have been reconciled by the IGTPL with figures in the provisional Accounts 2015-16.

(iii). The approach followed in the last Order to arrive at the estimated position is adopted to assess the actual net surplus/ deficit for the years 2010 to 2015. The IGTPL has furnished a statement reconciling the income and expenditure considered in the cost statement with the income/expenditure reported in the Annual Accounts and hence the actual figures given by IGTPL in its cost statement are relied upon in this analysis subject to few adjustments as given in the subsequent paragraphs. The analysis of performance of IGTPL at ICTT during the years from 18 February 2011 to 31 December 2015 along with modifications done in the cost statement filed by the IGTPL is discussed below:

(a). The actual traffic handled by IGTPL during the period from 18 February 2011 till 31 December 2015 is 17,20,089 TEUs as against the estimated traffic of 36,87,234 TEUs estimated in the tariff Order of August 2009 for the corresponding period. The variation in the physical performance is negative 53.35% which is found to be more than +/-20%.

(b). As stated earlier, the SOR approved for ICTT was subject to annual increase of 3.48%. The income estimates for each of the years considered in the last tariff Order is adjusted to capture the tariff approved for ICTT including annual tariff increase of 3.48% approved in the said Order for a like to like comparison with the actual income.

(c). The IGTPL has reported that trade/ commercial discounts were granted to the tune of ₹96.94 lakhs, ₹17.01 lakhs, ₹63.45 lakhs, 88.46 lakhs and ₹203.65 lakhs for the years 2011-12 to 2015-16 respectively. For the purpose of analysis of the past period, the actual income as reported in the Annual Accounts net of discount is considered. This is in line with the opinion of Attorney General for India conveyed by Ministry of Shipping vide its letter dated 12 June 2015 that the actual income earned by the operator based on their Audited Accounts should be considered and not any notional income.

(d). Interest received on Income Tax refunds, Dividend receipts and profit on sale of current non-trade investments and interest income from deposits are not considered in the cost statement maintaining the position followed in the last tariff Order. For the years 2014-15 and 2015-16, the IGTPL itself has excluded the expenditure towards composite Guarantee commission to the parent company D.P. World. The treatment given by the IGTPL is considered.

(e). The Annual Account for the year 2015-16 reports miscellaneous income of ₹26.80 lakhs. The IGTPL has excluded miscellaneous income of ₹17 lakhs (for the period upto December 2015) and ₹9.80 lakhs for the remaining period of the F.Y 2015-16 i.e. aggregating to ₹26.80 lakhs. In our analysis, miscellaneous income reported in the Accounts of 2015-16 is considered under FMI.

(f). The Annual Accounts of the IGTPL reports net foreign exchange loss of ₹4760.90 lakhs, ₹2549.50 lakhs, ₹3921 lakhs, 1900.76 lakhs and ₹1100 lakhs during the years 2011-2012 to 2014-15 and from 1 April 2015 to 31 December 2015 respectively.

The IGTPL has excluded the foreign exchange losses citing that it is on account of restatement of foreign currency loans & other payable. The treatment given by the IGTPL is considered. The IGTPL has also stated that exchange gain/ loss will be claimed by it on actual payment of the loans.

(iv). The IGTPL had entered into a Technical Service Agreement with DP World FZE for providing Business Management Support Services to IGTPL on 11 November 2014 by terminating the service agreement dated 10 March 2005.

As stated earlier, during the last tariff revision, TSF was allowed as part of operating costs relying on the certificate issued by its Chartered Accountant certifying arms length relationship of the transaction and this was subject to the condition that the IGTPL will produce copies of the IT Assessment Orders at the time of next tariff review. The IGTPL has now furnished IT assessment Orders for the Assessment Years viz., 2006-07 to 2013-14 and this has been analysed in the preceding paragraphs. For the reasons cited earlier, the actual TSF reported in the Annual Accounts is admitted as item of cost for each of the years from 2010-11 (February 2011) till December 2015. As stated earlier the IGTPL may be advised to produce the IT assessment orders for each of the years from 2013-14 onwards obtained from the Income Tax Authorities at the time of next review to show that the IT department has admitted this item of cost and also confirm the payments have been done by the IGTPL. If such evidence is not produced, expenditure allowed now may be set off in the next tariff review.

(v). The IGTPL has rightly excluded revenue share as item of cost in the actuals for all the years for ICTT as well as in the future projections in line with the approach followed in the last tariff Order.

(vi). The IGTPL has excluded Interest on loans, interest of overdues payable to COPT while furnishing the actual expenditure. The exclusions made by the IGTPL is in line with the approach followed in the estimates.

(vii). The IGTPL has, in the cost statement under the item other bank charges, considered actual expenditure of ₹115 lakhs, ₹158 lakhs, ₹27 lakhs, ₹80 lakhs and ₹454 lakhs for the years 2010-11 to 2014-15 respectively and ₹19 lakhs for 2015-16 (upto December 2015) based on provisional Accounts 2015-16. In the Annual Accounts of IGTPL for the said years, the said expenditure is reflected as Other Borrowing Costs.

On perusing breakup of this item furnished by IGTPL for the years 2010-11 to 2014-15, it is seen that this item comprises of the regular bank charges as well as bank charges arising out of loan taken by the IGTPL. The actual expenditure towards regular bank charges, Bank charges for issue of bank guarantee and charges for comprehensive cash management solution with infrastructure support i.e. ₹13 lakhs (18 February 2011 to March 2011) and ₹8.20 lakhs, ₹2.85 lakhs, ₹3.59 lakhs, ₹7.18 lakhs for the years 2011-12 to 2014-15 respectively is considered. The other bank charges which seems which relate to loan / borrowings by the IGTPL is not admissible as item of cost and hence excluded. For the year 2015-16, in the absence of the breakup furnished by IGTPL, ₹19 lakhs as considered by the IGTPL based on provisional Accounts is considered. The figures of 2015-16 will in any case be reviewed at the time of next review with reference to the final Audited Accounts for the year 2015-16.

(viii). For the purpose of assessment of Capital Employed, the Net Fixed Assets reported in the Annual Accounts considered by the IGTPL for the years 2010-2014-15 is in order. As regards, 2015-16, the Annual Accounts reports Net Fixed Assets as ₹71,315.78 lakhs (Tangible Assets of ₹71,294.90 lakhs plus Intangible Assets of ₹20.88 lakhs). The IGTPL has considered Net Fixed assets at ₹72,991 lakhs for the period 2015-16 (upto December 2015) and ₹68,361.56 lakhs for the period ended March 2016 which do not match with the figures reported in the provisional Accounts of 2015-16. In our analysis, the Net fixed assets is considered at ₹71,315.78 lakhs for the year 2015-16 as reported in the provisional Accounts of the said year.

(ix). The working capital is analysed below:

(a). The IGTPL has reported that it has considered only 8 days of income as Sundry Debtors for the years 2011-12 to upto December 2015 based on the past historical trend as against two months income for estimating the value of Debtors. This is not in line with the provisions contained in the tariff guidelines of 2005. Sundry Debtors is considered as NIL following the norms prescribed in the clause 2.9.9. of the Tariff Guidelines 2005.

(b). The IGTPL has not furnished the basis for arrival of allowable inventory for the purpose of Working Capital. But, it has stated that it has excluded the fuel and the customized spares for the purpose of estimation of stores. The figures considered by IGTPL could not be co-related with consumption of stores reported in the Annual Accounts. The figures reported in the Annual Accounts for the year 2010-11 to 2014-15 towards consumption of stores and spares excluding fuel is taken and six months thereof is considered in the working capital calculation.

(c). As per the tariff guidelines of 2005, cash balance is to be allowed at one month's cash expenses. However, the Cash balance considered by IGTPL is seen to be on a lower than the prescribed norm. Therefore, the cash balance considered by IGTPL is modified in line with the guideline position.

(d). The IGTPL has considered only the trade payables as current liabilities as per figures reported in the Annual Accounts for the years 2011-12 to 2015-16. The IGTPL has not considered the other current liabilities viz., dues to Creditors for capital goods, payable to COPT, Advances received from customers, other payables etc. The above items of current liabilities are also considered in the computation of working capital.

(e). Subject to the above adjustments, Working Capital works out to be negative. Hence, it is considered as NIL. Thus, the Capital Employed comprises of only Net Block of Assets at ₹96,442.20 lakhs, ₹89,543.40 lakhs, ₹83,744.20 lakhs, ₹77,317.60 lakhs and ₹71,315.78 lakhs for the year 2011-12 to 2014-15 and as on 31 December 2015 (2015-16) respectively.

(x). It is relevant here to mention that in the last revision of SOR, the IGTPL has estimated the optimal quay capacity at 11,95,740 TEUs based on the quay length of 600 meters and applying the norms prescribed in the guidelines which has been taken as optimal capacity of the terminal since, the optimal quay capacity was found to be the limiting factor.

The optimal yard capacity assessed by IGTPL in the last tariff Order was 5.75 Million TEUs with reference to 48.80 hectares (ha) of land which was modified and assessed by the Authority at 2.28 Million TEUs and the only modification done was in the parameter of ground slots considered at 286/ ha as against 720 ground slots/ ha considered by IGTPL.

In the current exercise, the IGTPL has assessed yard capacity as limiting factor and assessed the optimal capacity at 3,43,381 TEUs as on December 2015. For January to March 2016 with improved parameters of dwell time, the average stack height, IGTPL has assessed the optimal yard capacity of 4,24,019 TEUs for same 2446 ground slots. For this, the IGTPL has considered the actual ground slots of 2446. The IGTPL has stated that out of total area of 61.90 Hectares allotted by COPT in Phase IA, only 11.8 Hectares is using for yard purpose. Accordingly, the yard capacity was calculated at 3,43,533 TEUs by considering 207 ground slots per hectare for a total 11.80 hectares of yard. When specifically requested to adopt ground slots of 286/ has as considered in the last tariff Order and as done in JNPT container terminal and few others in the upfront/ reference tariff fixation, the IGTPL has stated that the number of ground slots per hectare would vary based on the layout of yard, roads required based on terminal design and equipment deployed and other operational factors. The COPT has assessed the optimal capacity at 4,24,019 for 2446 ground slots as given by IGTPL. Considering the above, the capacity assessed by the IGTPL which is endorsed by COPT as well is considered for the past period analysis. In any case, this will not have any impact as they are entitled for full ROCE as the COPT has not made any comments on the investment made by IGTPL in the past period.

(xi). In the last tariff Order of August 2009, Return on capital employed was allowed at 16% for the years 2010 to 2015. The same position is maintained while analyzing the actuals for the said years.

(xii). (a). A copy of the cost statement analysing the actual vis-à-vis estimates for the past period of the operations at ICTT from 18 February 2011 to 31 December 2015 is attached as **Annex - I(c)**.

(b). A summary of the comparison of the actuals vis-à-vis the estimates considered in the last tariff Order is tabulated below:

(₹ in lakhs)

Particulars	Aggregate for the years 18.02.2011 to 31.12.2015 in absolute terms (₹ in lakhs)		Variation in %
	Estimates as per tariff Order	Actuals	
Traffic (in TEUs)	36,87,234	17,20,089	-53.35%
Total Operating Income	1,81,601.38 *	81,772.24	-54.96%
Total Operating Expenditure including FME less FMI	84,349.60	58,398.28	-30.77%
Surplus/ deficit before Return	97,251.78	23,373.97	
Capital Employed (Average)	1,01,632.57	83,672.64	-17.67%
16% Return on Capital Employed	78,851.75	64,085.48	
Net Surplus after ROCE (before adjustment of past surplus)	18,400.00	(42,565.48)	
Adjustment of Past period surplus assessed in August 2009 Order	1,616.00	-	
Net Surplus after ROCE (after adjustment of past surplus)	20,016.00 #	(42,565.48)	

* *The operating income estimates are updated to reflect the effect of tariff increase granted in tariff Order of August 2009 of ICTT operations implemented by the IGTPL from 18 February 2011.*

\# *After considering the estimated loss of ₹12,320 lakhs in 2010 and ₹6,373 lakhs in 2011 (upto 12 February 2011 on prorata basis), this surplus will be ₹6805 lakhs (₹20,016 – ₹12,320 lakhs – ₹6,373 lakhs). This balance of ₹6,805 lakhs appears on account of considering adjusted revenue in the last tariff Order by allowing graded increase in tariff over six years (i.e. 2,06,161 lakhs – ₹1,99,355 lakhs) as given in Annex – V of July 2009 Order.*

(xiii). The findings of the analysis with reference to the past period relating to the period from 18.02.2011 to 31.12.2015 are given below:

(a). The actual aggregate traffic handled by the IGTPL is 17,20,089 TEUs as against the estimated traffic of 36,87,234 TEUs during the period from 18.02.2011 to 31.12.2015. The variation in the physical parameters i.e. actual traffic handled is 53.35% negative in comparison to the estimates.

(b). The operating income earned by the IGTPL is ₹81,789.24 lakhs as against estimation of ₹1,81,601.38 lakhs for the corresponding period resulting in negative variance of 54.96%.

(c). On the expenditure side, the actual aggregate expenditure for the years is ₹58,398.28 lakhs as against the estimated expenditure of ₹84,349.60 lakhs in the last Order for the corresponding period. The total actual expenditure thus shows negative variance of 30.77% in comparison to the expenditure estimated in the last tariff Order.

(d). The average capital employed for the period from 18.02.2011 to 31.12.2015 is ₹83,672.64 lakhs as against average estimated capital employed of ₹1,01,632.57 lakhs. The variation in the average capital employed comes to 17.67% negative.

(e). As per the cost statement prepared by us, the IGTPL has earned aggregate surplus of ₹23,373.97 lakhs before return on capital employed for its operations at ICTT for the period 18.02.2011 to 31.12.2015. The average surplus comes to ₹4,809.46 lakhs (i.e. ₹23,373.97 lakhs/ 4.86 years) for the period from 18.02.2011 to 31.12.2015. The details regarding the actual Return earned by IGTPL on the Capital Employed are given in the following table. The average return earned on the average capital employed thus works out to 5.75%, as shown in the following table:

(₹ in Lakhs)

Particulars	18.02.2011 to 31.03.2011	2011-12	2012-13	2013-14	2014-15	2015-16 (upto Dec 2015)	Average
Actual Surplus/ deficit before return earned by IGTPL	(1049.07)	3686.90	4251.25	4382.21	5490.68	6612.00	4809.46
Actual Capital Employed	1,03,155.00	96,442.20	89,543.40	83,744.20	77,317.60	71,315.78	83,672.64
Actual Return earned on capital employed	-1.02%	3.82%%	4.75%	5.23%	7.10%	9.27%	5.75%

(f). It can be seen from the above analysis that the variation in the physical parameter i.e., actual traffic handled and financial performance in terms of operating income is negative and the same is more than -20%. Further, as per the above table, the IGTPL has earned average return of 5.75% on the capital employed as against 16% return allowed in the last tariff Order. The variation is more than 20%.

As per clause 2.13 of the tariff guidelines, if review of actual physical and financial performance for the previous tariff cycle shows the variation of more than + or – 20%, then 50% of such accrued benefit / loss has to be adjusted in the next tariff cycle. As per the opinion of AG conveyed by the MOS, variation in both physical and financial parameters should be taken into account for the purpose of clause 2.13. Further, in case of variation in both physical and financial parameters, 20% of the surplus would be allowed to be retained by the operator. Of the remaining 80% surplus, it should be shared equally between the operator and user. In nutshell, 60% of additional surplus is allowed to be retained with the operator and 40% additional is to be shared with users by considering adjustment in future tariff.

It is relevant to state that provision stipulated in clause 2.13 refers to positive/ negative variation of +/(-) 20%. In the instant case, as can be seen the variation in both physical and financial parameters exceed 20% variation and variation is negative. Hence, there is a case for adjustment of past period deficit of ICTT operations in the next tariff cycle. Accordingly, of the total net deficit of ₹42,565.48 lakhs, 40% thereof i.e. ₹17,026.19 lakhs is considered for adjustment in the future tariff of ICTT.

(g). The consolidated summary of past period additional surplus/ deficit of operations of IGTPL at RGCT and ICTT considered for adjustment in the tariff of ICTT in the current tariff cycle is given below:

(₹ in Lakhs)

Particulars	Considered for adjustment in tariff (to be) fixed for ICTT
(A). For operations at RGCT	
(i). Variation in surplus i.e. excess surplus adjusted in August 2009 Order assessed based on review of actuals of 2008-09 and 2009-10 (upto November	(-) 282.00

2009)	
(ii). Actual additional surplus assessed for the extended period of operating at RGCT from December 2009 till 17.02.2011	929.74
Sum of (A)	**647.74**
(B). For operations at ICTT	
40% net deficit at ICTT for the period from 18.02.2011 to 31.12.2015 [(-)₹42,565.48 lakhs x 40%]	(-)17,026.19
(C). Sum of A + B considered for adjustments over ICTT tariff for years 2016-17 to 2018-19 in three equal instalments of ₹5,459.48 lakhs	**(-)16,378.45**

(h). Thus, the aggregate actual deficit of ₹16,378.45 lakhs from operations of IGTPL at RGCT and ICTT over and above the admissible cost and permissible return during the years 2008-09 upto December 2015 is considered for adjustment while fixing tariff for ICTT in three equal instalments of ₹5,459.48 lakhs for each of the years 2016-17 to 2018-19.

As stated earlier, since the figures considered in the analysis for the period from 1 April 2015 to 31 December 2015 is based on provisional accounts, the actual position for the period from 1 April 2015 to 31 December 2015 shall be subject to review during the next tariff revision exercise. If any variation is found in the additional surplus quantified now, such variation will be fully adjusted in the next tariff validity cycle.

(xiv). (a). The Ministry of Shipping (MOS) has vide its letter dated 12 June 2015 conveyed the opinion of Attorney General for India (AG) on interpretation of a few provisions of the Tariff Guidelines of 2005. The MOS while conveying the opinion of the AG obtained by it has advised the Authority to consider the opinion of the AG for regulating the tariff of the BOT Terminals operating at the Major Port Trusts under the Tariff Guidelines of 2005. 10.2. Accordingly, all the BOT Terminal operators governed under the tariff guidelines of 2005 including IGTPL were conveyed vide our letter No.TAMP/46/2015-Misc dated 24 July 2015 that henceforth the following will be considered for regulating the tariff of BOT terminals operating at the Major Port Trusts under the Tariff Guidelines of 2005:

(i). Both financial and physical parameters will be taken into account for the purpose of clause 2.13 of the Tariff Guidelines, 2005. 20% of the surplus would be allowed to be retained by the operator. It is only the surplus over and above the 20% that shall be shared equally between the operator and the users.

(ii). The Income to be considered for the purpose of clause 2.13 will be the actual income earned by the operator based on their Audited Accounts and not any notional income.

(b). It was also brought out to IGTPL that the process of reassessing the surplus quantified for the tariff cycle immediately preceding the tariff Order no.TAMP/25/2008-IGTPL dated 5 August 2009 will be initiated and the tariff fixed in the said tariff Order will be reviewed.

In view of the above position, the exercise to review of the tariff Order dated 5 August 2009 with reference to the surplus quantified in the said Order for the tariff cycle immediately preceding the tariff Order no.TAMP/25/2008-IGTPL dated 5 August 2009 is undertaken along with the current tariff revision proposal of the IGTPL.

(c). In the last tariff Order of the August 2009, as brought in para 20 (vi), traffic estimates for the preceding tariff cycle covered estimates for the years 2005-06 to 2008-09.

It is seen that the analysis of estimates vis-à-vis actual reported in the Annual Accounts for the years 2005-06 to 2008-09 in the last tariff Order states that the actual traffic handled is lower than the estimates considered in the then pre-revised Order (i.e. Order of October 2005) by 6% in the year 2005-06, 8% in the year 2006-07 and 5% in the year 2007-08.

In the August 2009 Order, the Authority has held that the physical and financial performance of the IGTPL in the said three years shows a variation within the region of +/(-) 20%. Hence as prescribed in clause 2.13 of the 2005 tariff guidelines, no adjustment of additional surplus arising in the said three year was made while determining tariff in the August 2009 Order.

Further, in the last tariff Order the actual income earned by the operator as reported in their Audited Accounts was considered for the years 2005-06 to 2008-09. There is no adjustment done with reference to discounts as nothing of that sort was reported by the IGTPL for the said period 2005-06 to 2008-09 during the last tariff revision.

In view of the above position, there is no adjustment warranted with reference to the past period surplus assessed in the August 2009 Order.

(xv). Before proceeding with the further analysis of the case for revision of tariff for the operations at ICTT, it is relevant here to state that as per clause 4.2 of the Concession Agreement (C.A), the tariff has to be competitive with the tariff level existing at international container transshipment hubs and major competing ports in the region. For this purpose, the IGTPL is required to consult the COPT prior to recommending the tariff. Further, the Authority while approving the reduction in free period for laden containers vide Order No.TAMP/70/2014-IGTPL dated 2 July 2015 had specifically in para 11 (viii) (b) of the said Order requested the IGTPL to consult the COPT as stipulated in clause 4.2 of the License Agreement while filing the proposal for revision of Scale of Rates. The IGTPL is of the view that Article 4.2 of the License Agreement is a good faith clause applicable to both parties of the License Agreement and is in no way connected to Tariff Fixation by the Authority. Whether Clause 4.2 is connected to tariff fixation is not relevant here. The point more relevant here is whether the IGTPL consulted COPT before proposing the hike in tariff. While the IGTPL has proposed 9.12% increase per annum, the COPT requested initially for reduction by 30% and later requested to maintain status quo in the tariff. There does not appear to be effective consultation between them. However, there is seen to be inclination in the minds of both the parties to reduce their respective tariff to attract volume for the IGTPL.

(xvi). As stated earlier, the existing SOR at ICTT is valid upto 31 December 2015. For the year 2015-16, the IGTPL has segregated the figures for the period upto December 2015 and for the period January to March 2016. The IGTPL had initially proposed revision in tariff from 1 January 2016. The IGTPL has furnished figures for 3 months of 2015-16 (i.e. January 2016 to March 2016) based on provisional Accounts of 2015-16 and has furnished estimates for future period for 39 months i.e. from January 2016 to March 2016 (3 months) and from 2016-17 to 2018-19 (upto March 2019) i.e. for total 39 months stating that comparison will become easier. Normally the tariff cycle is for three years and estimates of three years are considered as per the Guidelines. In the instant case, since the original validity of the SOR was prescribed till 31 December 2015, and also since IGTPL follows financial year for accounting purpose, it is appropriate to follow the approach adopted by IGTPL and consider estimates of 39 months for ease of comparison of estimates with actuals in the next revision also.

For the period January 2016 to March 2016, it is found that there is minor mismatch of ₹5 lakhs in the total expenditure considered by IGTPL vis-à-vis the total expenditure as per provisional Accounts. The expenditure is considered as in the provisional Accounts of 2015-16 and the differential of ₹5 lakhs. (i.e. the mismatch) is captured under the head other expenses. Except for the above modification, the expenditure furnished by IGTPL for the period from 1 January 2016 to 31 March 2016 based on provisional accounts is relied upon and the actual position for the period from 1 January 2016 to 31 March 2016 shall be subject to review during the next tariff revision exercise. If any variation is found in the additional surplus quantified now, such variation will be fully adjusted in the next tariff validity cycle.

The actual throughput handled by IGTPL is 4,19,550 TEUs in the year 2015-16. As against that the traffic estimated by IGTPL for the years 2016-17 to 2018-19 is 4,71,300 TEUs, 5,54,400 TEUs and 6,22,600 TEUs respectively. The growth projected in traffic is 12.33%, 17.63% and 12.30% for the years 2016-17 to 2018-19 respectively over the actuals/ estimates of the respective previous years and the average growth rate comes to 14.09%. While furnishing its comments on the comments on the traffic estimates of one of the user, the IGTPL has stated that the traffic has been forecasted considering the current market scenario and historical volume growth in South India. The IGTPL has also stated that the year in year growth considered in the traffic projections ranges from 13% to 18%, whereas the historic volume growth in South India has been from 0% to 8% and in spite of low expected growth, the IGTPL has projected an increase in excess of 60% over three years.

Whilst the COPT has stated that the actual traffic handled by IGTPL for its operations at ICTT has been a fraction of the traffic projected in July 2009 Order, as regards traffic projected by IGTPL for 2016-17 to 2018-19, the COPT has agreed that the cargo traffic is expected to grow at the level projected by IGTPL. The main reason for the increased growth in traffic forecast is reported to be on account of growing EXIM trade from West Tamil Nadu region and significant growth in Coastal trade from Gujarat to north Kerala and West Tamil Nadu. The traffic projected by the IGTPL along with the container profile projected by IGTPL, therefore, be relied upon.

(xvii). (a). The operating income from container handling estimated by IGTPL in the cost statement for the years 2016-17 to 2018-19 is ₹19,637 lakhs, ₹22,076 lakhs and ₹24,778 lakhs respectively.

The IGTPL has furnished detailed working of income estimation based on the existing level of tariff and the traffic projections. From the workings furnished by IGTPL, it is seen that, though the income for all the items is estimated by the IGTPL at the existing tariff level, in respect of transhipment containers and few containers of foreign category, the IGTPL has estimated the income at discounted rates. In our analysis, the income from foreign and transhipment containers is estimated as per the existing rates prescribed in the SOR for the transshipment containers. Subject to above modification, the income estimates are considered following the approach followed by IGTPL. The modified container operating income considered in the cost statement for the years 2016-17 to 2018-19 are ₹20,348.79 lakhs, ₹23,379.04 lakhs and ₹25,894.12 lakhs respectively.

(b). The other operating income estimated by the IGTPL at ₹2,340 lakhs, ₹2,562 lakhs and ₹2,766 lakhs for the years 2016-17 to 2018-19 respectively comprises of income from storage charges, handling of hatch cover, reefer related services and other income. The other income estimated by the IGTPL are relied upon and considered in the analysis except for one modification of showing the figures in two decimals as per the income estimates furnished by IGTPL.

(c). Subject to above analysis, the total revised income for the years 2016-17 to 2018-19 comes to ₹22,689.25 lakhs, ₹25,940.75 lakhs and ₹28,659.85 lakhs respectively as against ₹21,978 lakhs, ₹24,637 lakhs and ₹27,544 lakhs estimated by the IGTPL for the corresponding period.

(xviii). Clause 2.5.1. of the tariff guidelines of 2005 requires that the expenditure projections of the terminal operators should be in line with traffic adjusted for price fluctuations with reference to current movement of Wholesale Price Index (WPI) for all commodities as announced by the Government of India. The escalation factor (to be) adopted by the Authority in respect of tariff cases filed under Tariff Guidelines, 2005 to be disposed during the year 2016-17 is 2.46%. Annual escalation applied by the IGTPL for estimating some of cost items like manpower cost at 11% and other expenditure at annual escalation at 3.82% which is found to be higher than the permissible level. In our analysis, the estimate for the years 2016-17 and 2018-19 are modified applying the annual escalation factor of 2.46% over the actuals / estimate of respective previous years wherever the annual escalation applied by the IGTPL is higher than the stated level. The expenditure projections which vary with traffic growth are adjusted for the traffic growth projected by the IGTPL.

(xix). The strength of manpower for estimating operating and direct labour cost is estimated to increase from the level of 2015-16 at 89 to 99 in the year 2016-17, 109 in the year 2017-18 and 119 in the year 2018-19. The increase projected in strength of operating and direct labour to cater to traffic growth is accepted as it is a management decision of IGTPL.

The actual average cost of operating and direct labour is ₹2.82 lakhs per annum during the year 2015-16. The estimates of the average operating and direct labour cost is seen to be escalated by 3.19%, 6.19% and 7.44% for the years 2016-17 to 2018-19 over the estimates of respective previous years. In our analysis, the estimates for the years 2016-17 to 2018-19 are moderated applying escalation factor of 2.46% per annum.

The actual average cost of maintenance labour is ₹1.79 lakhs per annum during the year 2015-16. The estimates of this item are seen to be escalated by IGTPL 22.35%, 10.96% and 10.70% in the years 2016-17 to 2018-19 over the estimates of respective previous years. In our analysis, the estimates for the years 2016-17 to 2018-19 are moderated applying escalation factor of 2.46% per annum.

(xx). The estimated equipment running cost comprises of power cost, fuel cost and cost of repairs and maintenance. Each items of estimate is discussed in the following paragraphs:

(a). (i). The actual average power consumption reported for the year 2015-16 is 13.67 units per TEU. The power consumption estimated by IGTPL for 2016-17 to 2018-19 is 13.50 units/ TEU, 13.03 units/ TEU and 12.49 units/ TEU respectively. When pointed out that power consumption is higher in comparison to power consumption norm of 8 units per TEU in the 2008 guidelines, the IGTPL has furnished the details of consumption of Power for various activities viz., operational activity for container handling, reefer plug containers and for general illumination. The IGTPL has stated that power consumption for operational use is well within the norm prescribed in 2008 guidelines. The IGTPL has confirmed that the power consumption is based on actual for the 2015-16. The power consumption estimated by IGTPL is relied upon in the analysis.

(ii). The IGTPL, in its revised proposal, has considered the per unit power cost at ₹9.89, ₹10.27, ₹10.66 for the years 2016-17 to 2017-18 respectively. The IGTPL has furnished a copy of an Electricity bill raised by COPT for the months of February 2016 and March 2016 according to which the rate is ₹9.60/ unit. The increase in the total per unit cost power considered by the IGTPL is 2.49%, 3.84% and 3.80% for the years 2016-17 to 2018-19 respectively over the estimates of the respective previous years. The escalation factor applied by the IGTPL is higher than the admissible level of 2.46% per annum. Hence, the escalation in the unit cost of power is restricted to 2.46% per annum. Thus, the total per unit cost of power allowed in the cost statement is ₹9.84, ₹10.08 and ₹10.33 for the years 2016-17 to 2018-19 respectively.

(b). The actual fuel consumption reported by the IGTPL for the year 2015-16 is 2.17 litres per TEU. The IGTPL has estimated fuel consumption of 2.22 litres/ TEU for each of the years 2016-17 to 2018-19 respectively. The fuel consumption estimated by the IGTPL is considered in the analysis.

The unit cost of fuel considered by IGTPL for the year 2016-17 is ₹37.50 per litre. For the subsequent years 2017-18 to 2018-19, the IGTPL has estimated annual escalation of around 3.80%. The IGTPL has furnished a copy of diesel bill dated 20 June 2016 which reflects fuel cost at ₹36.10/ litre. Taking the fuel cost of ₹36.10/ litre reported by IGTPL and applying annual escalation of 2.46% per annum is allowed for each of the year 2016-17 to 2018-19.

(c). The IGTPL has reported the repairs and maintenance cost at ₹358 lakhs for the year 2015-16 which is 0.33% of the Gross Block as on 31 March 2016. The IGTPL has estimated the repairs and maintenance cost at 0.36%, 0.41%, 0.46% on the Gross Block of capital costs for the years 2016-17 to 2018-19.

In our analysis, for estimating repairs and maintenance cost on the existing asset block gross block of assets, the actual repairs and maintenance cost reported as on 31 March 2016 is taken as the base escalated by applying annual escalation of 2.46% for each of the years 2016-17 to 2018-19.

In order to take care of incremental repairs and maintenance cost on the proposed assets to be added in this cycle, the repairs and maintenance cost is estimated at 1% on the civil assets and 2% of mechanical equipment procedure followed in other BOT Container Terminal Operator viz., VCTPL. This approach has also been applied uniformly at other private terminals like M/s.TM International Logistics Limited (TMILL), VSPL and also SWPL.

In the light of the above analysis, the modified repairs and maintenance cost considered is ₹396.30 lakhs, ₹431.65 lakhs and ₹455.07 lakhs for the years 2016-17 to 2018-19 respectively as against ₹412.27 lakhs, ₹478.48 lakhs and ₹536.50 lakhs estimated by the IGTPL for the corresponding period.

(iv). The IGTPL has rightly not considered the revenue share payment to COPT which is in line with the clause 2.8.1 of the tariff policy guidelines, 2005.

(v). (a). The IGTPL has estimated equipment hire charge at ₹741 lakhs, ₹932 lakhs and ₹1,085 lakhs for the years 2016-17 to 2018-19. The equipment hire charge comprises of hire charges for Inter Terminal Vehicles (ITV) and Inter Terminal Shuttle Bus.

The ITV hire charge is variable with volume and the total costs have increased due to the increase in volume levels and expected revision in ITV contract rates. The unit rate of ITV for the year 2015-16 reported by IGTPL is ₹112.26/ TEU. The unit rate considered by IGTPL is ₹149.16/ TEU, ₹160.89/ TEU and ₹167.52/ TEU for the years 2016-17 to 2018-19. The IGTPL has stated that the ITV rates are inclusive of fuel and hence are variable with change in fuel prices and the contract specifies the adjustment to the rate for increase or decrease in fuel rate. The IGTPL has also stated that the currents rates for ITV hire had not changed from Feb 2011 except a marginal increase for one vendor in Oct 2015. The IGTPL has also stated that they have managed to maintain the rate applicable for ITV hire over last five years. However, now the average age of the ITVs is in excess of 8 years and are reaching their end of useful life. In order to maintain the desired level of productivity and to ensure safety within the terminal, the IGTPL has stated that equipment needs to be replaced and accordingly, the IGTPL have asked for quotes for ITV hire based on new trucks. The IGTPL has further stated that the rate quoted per TEU is in the range of ₹150 to ₹160 per TEU.

A copy of the quotation for estimation of ITV furnished by IGTPL shows that the hire charge quoted for ITV is ₹151/ TEU which is considered by us. The IGTPL has confirmed that the contractors will be selected following competitive bidding process and none of the service providers are group or associated enterprises and arm's length relationship is maintained for such transaction, which is relied upon.

The IGTPL has stated that the estimates for the period April to July 2016 are at the existing rates and from August 2016 it is estimated at the revised rates at ₹151 per TEU. Applying the same methodology as considered by the IGTPL the unit rate for estimate of the hire charge for ITV for 2016-17 comes to ₹136.01/ TEU which is considered for the year 2016-17 as against ₹149.16/ TEU considered by IGTPL. For the year 2017-18, the IGTPL has stated that it has escalated the rate by 3.82%. The escalation in unit cost considered by IGTPL is 7.87% and 4.12% in the year 2017-18 and 2018-19 over estimates of previous year and not 3.82% as stated by IGTPL. For the years 2017-18 and 2018-19, the annual escalation at 2.46% is applied. This cost item is estimated with reference to the traffic projections for years 2016-17 to 2018-19, as done by the IGTPL.

(b). The IGTPL, in the revised cost statement, has estimated the cost of hire of Inter Terminal Shuttle Bus at ₹39 lakhs in 2016-17, ₹40 lakhs in 2017-18 and ₹42 lakhs in 2018-19. The increase in the hire charges considered by the

IGTPL is 5.41%, 2.56% and 5% for the years 2016-17 to 2018-19 respectively over the actual/ estimates of the respective previous years. The escalation factor applied by the IGTPL is higher than the admissible level of 2.46% per annum. Hence, the escalation in the hire charges for Inter Terminal Shuttle Bus is restricted to 2.46% per annum. Thus, the hire charges for Inter Terminal Shuttle Bus allowed in the cost statement is ₹37.91 lakhs, ₹38.84 lakhs and ₹39.80 lakhs for the years 2016-17 to 2018-19 respectively.

(c). Subject to above analysis, the equipment hire charges considered is ₹678.92 lakhs, ₹896.58 lakhs and ₹1,026.75 lakhs for the years 2016-17 to 2018-19 respectively as against ₹741 lakhs, ₹932 lakhs and ₹1,085 lakhs estimated by IGTPL for the corresponding period.

(vi). In the cost statement, the lease rentals estimated by IGTPL is ₹12 lakhs each for the years 2016-17 to 2018-19. The IGTPL has confirmed that the lease rent estimated by it is as per the license agreement. The IGTPL has, however, not furnished any detailed working in support of the lease rent.

The COPT has furnished detailed working of lease rentals payable by the IGTPL for 61.96 hectares of land (area-wise) allotted by the port. As per the details furnished by the COPT, the lease rentals payable by IGTPL to COPT estimated is ₹8.13 lakhs for each of the year 2016-17 to 2018-19. There is some arithmetical error which is corrected and it comes to ₹8.13 lakhs, ₹8.14 lakhs and ₹8.14 lakhs for each of the years 2016-17 to 2018-19 respectively, which is considered in this analysis.

(vii). The actual insurance cost for the year 2015-16 reported in provisional Accounts is ₹167.19 lakhs. The IGTPL has substantiated it with copies of Insurance cover which shows the total premium is ₹170.66 lakhs for the period upto 30 September 2016. The insurance cost estimated by IGTPL for the years 2016-17 to 2018-19 are ₹198 lakhs, ₹205 lakhs and ₹213 lakhs respectively. The increase in the insurance premium estimated by the IGTPL comes to 18.42% for the year 2016-17, 3.82% for each of the years 2017-18 to 2018-19 respectively over the actual/ estimates of the respective previous years.

It is observed that the actual insurance cost of ₹167.19 lakhs reported for the 2015-16 is 0.15% of the gross block of assets. For the years 2016-17 to 2018-19, the insurance cost is estimated at 0.15% of the estimated gross block for each of the years and escalated by 2.46% to meet the cost of inflation. The modified insurance cost for the years 2016-17 to 2018-19 considered in the cost statement is ₹174.39 lakhs, ₹182.71 lakhs and ₹189.27 lakhs respectively.

(viii). The actual Other expenses for the year 2015-16 is reported at ₹428.19 lakhs. The IGTPL has estimated the other expenses at ₹551 lakhs, ₹577 lakhs and ₹605 lakhs for the years 2016-17 to 2018-19 respectively. Other Expenses estimated by IGTPL are towards cost for services of Lashing, Container Survey, documentation etc. The increase in the other expenses considered by the IGTPL is 29%, 4.81% and 4.86% for the years 2016-17 to 2018-19 respectively over the actual/ estimates of the respective previous years.

The IGTPL has stated that the increase in volume directly result in additional manpower deployed for these services. The IGTPL has stated that these costs are fixed in nature upto certain level of volume. During the year 2015-16, the IGTPL has stated that it has crossed 400,000 TEUs volume level and consequently there is increase in the labour deployed which will be stable upto volume level of 600,000 TEUs. Based on the clarification furnished by the IGTPL, an escalation of 2.46% is applied for the years 2016-17 and 2017-18 over the actual/ estimates of the respective previous years as the traffic projected is within 6 lakh TEUs. With regard to the estimation of expenses for the year 2018-19, this cost element is estimated linking it to the increased level of traffic projection for the 2018-19 at 6,22,600 TEUs.

While estimating the cost, annual escalation @ 2.46% per annum is also considered. The modified other expenses for the years 2016-17 to 2018-19 considered in the cost statement are ₹438.72 lakhs, ₹449.52 lakhs and ₹517.23 lakhs respectively.

(ix). The estimate TSF is considered as estimated by IGTPL in view of the detailed analysis done for this item earlier.

As stated earlier, the IGTPL should, at the time of next tariff revision, furnish the relevant Income tax Assessment Order allowing the TSF as an item of cost for income tax purpose and also furnish documentary evidence to support the actual payment of TSF. If such evidence is not produced, estimated expenditure allowed now will be set off in the next tariff review.

(x). Clause 2.4.1. of the tariff guidelines, 2005 states that the benchmark for efficiency will be the average performance of the same operator at the same terminal achieved in the immediately preceding tariff cycle. For this purpose a comparison will have to be made of the cost reduction achieved by the operator in the immediately preceding tariff cycle with that of the tariff cycle, which preceded it.

The IGTPL has claimed efficiency gain of ₹168 lakhs, ₹198 lakhs and ₹222 lakhs for the years 2016-17 to 2018-19 in respect of fuel in the cost statement. For this purpose, the IGTPL has compared the cost reduction in fuel achieved during the years 2011-12 and 2015-16 (April 2015 to December 2015). The IGTPL has reported reduction in per TEU fuel consumption from 24 ltrs per TEU in 2011-12 to 13.88 ltrs in 2015-16 (April 2015 to December 2015) and accordingly, the IGTPL has considered 50% of the savings achieved in the average fuel consumption to estimate the efficiency gain. As per clause 2.4.1, comparison will have to be made of the cost reduction achieved by the operator in the immediately preceding tariff cycle with that of the tariff cycle, which preceded it. The efficiency gain computed by the IGTPL in the cost statement from April 2016 to March 2016 and for all the years 2016-17 to 2018-19 is not in line with the Clause 2.4.1. of tariff guidelines 2005. As stated earlier, the IGTPL has commenced its operations in February 2011 and the Authority has approved the tariff for the first time for the operations at ICTT and hence, the preceding tariff cycle for ICTT is not available for comparison as required under clause 2.4.1 of tariff policy guidelines 2005.

(xi). Clause 2.7.1 of the revised tariff guidelines stipulates that in case of private terminals, depreciation has to be allowed on straight line method with life norms adopted as per the Companies Act, 1956 or based on the life norms prescribed in the Concession Agreement whichever is higher. The IGTPL has confirmed that it has considered the rates for depreciation as prescribed in the Companies Act.

(xii). The actual Management and Administration Overheads (MGO) for the year 2015-16 is reported at ₹1,906.51 lakhs. The IGTPL has estimated the MGO at ₹2,052 lakhs, ₹2,232 lakhs and ₹2,431 lakhs for the years 2016-17 to 2018-19 respectively. The increase in the MGO considered by the IGTPL is 7.63%, 8.78% and 8.92% for the years 2016-17 to 2018-19 respectively over the actual/ estimates of the respective previous years. The IGTPL has categorised the MGO as salaries and employee related costs and other overheads. The IGTPL has stated that the salary costs in 2016-17 includes cost of additional manpower (consequent to volume increase) to the tune ₹40 lakhs (9 persons) and cost escalation by 11%. Based on the clarification furnished by IGTPL, the increase proposed in the manpower is accepted. Apart from that, the actual MGO reported in the year 2015-16 is escalated by 2.46%. For the subsequent years 2017-18 and 2018-19, the annual escalation of 2.46% is applied. The modified MGO considered in the cost statement is ₹1,993.41 lakhs, ₹2,042.45 lakhs and ₹2,092.69 lakhs for the years 2016-17 to 2018-19 respectively.

(xiii). The IGTPL has estimated Finance and Miscellaneous Income (FMI) at ₹5 lakhs, ₹6 lakhs and ₹7 lakhs for the years 2016-17 to 2018-19 respectively as against actual FMI of ₹7 lakhs for the year 2015-16 stating that this income represents scrap sales.

FMI as estimated by the IGTPL, which is of miscellaneous in nature, is relied upon and considered.

(xiv). Under Finance and Miscellaneous Expenses, the IGTPL has not considered any estimation stating that there no admissible FME for the years 2016-17 to 2018-19.

(xv). (a). The IGTPL has estimated additions to the gross block of assets to the tune of ₹2,747.70 lakhs, ₹2,559.80 lakhs and ₹1,279.90 lakhs during the years 2016-17 to 2018-19.

Out of the total additions to the gross block in the year 2016-17, 2017-18 and 2018-19, major additions are under the head Building, Sheds & Other Structures in phase-wise development of additional container storage yard at ₹2,562.30 lakhs, ₹2,559.80 lakhs and ₹1,279.90 lakhs in the years 2016-17 to 2018-19 respectively. In addition to the development of additional stock yard, the IGTPL has also estimated addition to Plant & Machinery of ₹130.70 lakhs, Information Technology of ₹48.70 lakhs and Furniture & Fixtures of ₹6 lakhs during the year 2016-17. The IGTPL has not furnished the present status of each of the above additions.

The IGTPL has stated that the proposed CAPEX i.e., phase-wise development of additional container storage yard is required to handle and accommodate the additional volumes estimated. The IGTPL has confirmed that the proposed investment is in compliance with the provisions in the License Agreement.

The IGTPL has also stated that Appendix 4-2 of the License Agreement requires that the productivity should be maintained at minimum 25 moves per hour. In the absence of adequate yard area the additional volumes would result in congestion consequent higher costs for trade, migration of volumes and drop in productivity to below the requirement stipulated in the License Agreement.

The COPT has also confirmed that investment proposed by IGTPL is as per the provision in the LA giving reference to the relevant provisions of the LA quoting clause 3.8 A (i)(c) of the License Agreement which requires licensee to develop, create or provide additional Project Site/Project Facilities and Services both at RGCT and ICTT, in a timely manner and test and commission such Project Facilities and Services to commensurate with the traffic growth.

In view of the above position, additions to the gross block proposed by the IGTPL are relied upon and considered in the analysis.

(b). Working Capital:

(i). The estimated Sundry Debtors is not found to be as per the norms prescribed in Clause 2.9.9 of the Tariff Guidelines, 2005. Hence, Sundry Debtors is modified in line with the norms prescribed in the tariff guidelines of 2005.

(ii). The IGTPL has considered closing balance of stores (excluding fuels) for 2015-16 as the base and applied 3% annual escalation to arrive at the estimates for the years 2016-17 to 2018-19. The inventory estimated by the IGTPL is not in line with the norm prescribed in the Tariff Guidelines of 2005. The six months actual consumption of stores (excluding fuel) from the figures reported in the provisional Annual Accounts of 2015-16 is taken and annual escalation 2.46% is applied to estimate this item for the years 2016-17 to 2018-19.

(iii). Cash balance has been calculated at one month's modified operating expenses, including overheads.

(iv). The IGTPL has estimated current liabilities for the years 2016-17 to 2018-19 considering the trade payable liability of 2015-16 as the base and applied annual increase of 3% thereof. In line with the analysis done earlier, 2.46% annual increase is considered on the modified current liabilities considered for the year 2015-16.

(v). Based on the above analysis, the Working Capital results in a negative figure. Since the Working Capital is negative, it has been taken as nil.

(c). The modified capital employed considered in the cost statement is ₹68,173.56 lakhs, ₹64,824.97 lakhs and ₹60,114.47 lakhs for the years 2016-17 to 2018-19 respectively.

(xvi). (a). The IGTPL has assessed the optimum yard capacity of the terminal at 4,46,141 TEUs as on 31 March 2016. For the years 2016-17 to 2018-19, the optimal yard capacity assessed by IGTPL is 5,37,988 TEUs, 6,31,731 TEUs and 6,71,019 TEUs.

The IGTPL has stated that of the total 61.90 hectares of land allotted by COPT there is still undeveloped area of 15 Hectares. In the current proposal, the IGTPL has proposed to develop 2.14ha, 2.14ha, 1.07ha during the year 2016-17, 2017-18 and 2018-19 for the additional container storage yard development. The IGTPL has confirmed that investment proposed in yard development has been captured while assessing the optimal yard capacity.

As stated earlier, in the current proposal the IGTPL has stated that yard capacity is a constraint. The IGTPL has furnished detailed computation of yard capacity for each of the year 2016-17 to 2018-19. When requested COPT to confirm the reasonableness of the yard capacity assessed by IGTPL, the COPT has confirmed that the yard capacity assessed by IGTPL is reasonable. The COPT has furnished detailed computation of yard capacity which matches with the computation furnished by IGTPL.

Normally, the optimal yard capacity is to be assessed with reference to the total area available for stacking. In the instant case, it is seen that the IGTPL has proposed phase wise development of stacking area out of the total stacking area allotted by the COPT. Since in the instant case, the COPT has also endorsed the optimal yard capacity assessed by IGTPL and also since the capacity assessment is not likely to have any impact on the final decision as IGTPL is entitled for full ROCE, as discussed in the following paragraph, the optimal capacity as assessed by the IGTPL is considered in the cost statement.

(b). The tariff guidelines of 2005 prescribe a minimum capacity utilisation of 60% for claiming full Return on Capital Employed (ROCE). However, it is relevant to state that clause 2.9.11. of the tariff guidelines of 2005 stipulates that if the investment made by the private operator is in accordance with the obligations under the concession agreement it will be considered for ROCE even if full capacity utilisation is not achieved. As stated earlier, the COPT has confirmed the proposed investments to the gross block are as per the provisions in the LA. In view of that IGTPL is entitled for full ROCE of 16% as claimed by the IGTPL as well as per the tariff guidelines of 2005.

The point made by Cochin Steamer Agents Association (CSAA) that ROCE has to be determined on the basis of Industry Norms and the ROCE to IGTPL be based on the global performance of DPW at 5.72% is not found to be as per the tariff guidelines of 2005. It is to state that ROCE of BOT operators is governed by Clause 2.9.1 of Tariff Policy Guidelines, 2005. For the year 2016-17, as per clause 2.9.2. of Tariff Guidelines, 2005, the ROCE to be allowed for the tariff cases to be decided in the year 2016-17 has been reviewed by the Authority. On such review, the Authority has (to be) announced 16% ROCE for BOT operators governed under Tariff Guidelines of 2005. The proposal of IGTPL claiming 16% of ROCE is in line with the Tariff Guidelines, 2005.

(xvii). Subject to the above discussions, the cost statement filed by the IGTPL for the years 2016-17 to 2018-19 has been modified. The modified Cost statement is attached as **Annex - II**. The results disclosed in the cost statement at the existing tariff level is summarized below:

(**₹ in lakhs**)

Particulars	**2015-16 (Jan –Mar 16)**	**2016-17**	**2017-18**	**2018-19**	**Total for the years 2016-17 to 2018-19**
Total Income	5450.00	22689.25	25940.75	28659.85	77289.85
Net Surplus/ (Deficit) after adjustment of past period deficit	(299.02)	(5209.77)	(2090.42)	747.38	(6552.81)
Net Surplus/ (Deficit) as a percentage of Operating Income	(5.5%)	(23.0%)	(8.1%)	2.6%	(8.5%) (Avg.)

The above table depicts a total net deficit of ₹6,851.83 lakhs for the period January 2016 to March 2016 and for the years 2016-17 to 2018-19 (i.e. ₹(-)6552.81 lakhs + ₹(-)299.02 lakhs). This deficit is after taking into consideration additional revenue from weighment charges.

While granting extension to the validity of the Scale of Rates of IGTPL for the period beyond the original validity of 31 December 2015, it was stated that additional surplus, if any, over and above the admissible cost and permissible return for the period post 1 January 2016 will be adjusted fully in the tariff to be determined. The cost statement shows a marginal loss of ₹299.02 lakhs for the period January 2016 to March 2016. By the time the Order comes into effect, it may be around October 2016. For determination of the final tariff, the aggregate of the deficit of the period January 2016 to March 2016 and net surplus deficit for the years 2016-17 to 2018-19 are considered and hence the decision of the adjustment of full additional surplus for the period post 1 January 2016 is complied with.

The IGTPL has arrived at the proposed SOR applying 9.12% across the board increase over the existing SOR from August 2016. In addition to that the IGPTL has sought an annual increase of 9.12% from 1 April 2017. The COPT has proposed 30% reduction initially and later joined most of users/ user associations to maintain status quo. However, the cost position reflects deficit and warrants increase in tariff.

By the time the Order (to be) approved by the Authority comes into effect it may be around November 2016. It is relevant to state here that to bridge the estimated net deficit of ₹6854.43 lakhs over the estimated revenue from the period from around November 2016 till March 2016 of ₹64054.45 lakhs, the existing tariff will have to be increased by 10.7% (i.e. ₹6854.43 lakhs / ₹64054.45 lakhs). However, the IGTPL has sought graded increase in tariff of 9.12% annually. It is relevant here to state that even during the last tariff revision, tariff for IGTPL was prescribed allowing an annual increase in tariff by 3.48% instead of granting steep increase at one go. That being so, following the approach adopted by the IGTPL, the Authority is inclined to grant graded increase in tariff in the current tariff cycle.

In view of the overall deficit estimated at ₹6,851.83 lakhs and considering that by the time the Order will come into effect it may be around November 2016, tariff increase of 4.5% from the existing rates is granted from around November 2016 with a provision for annual increase of 4.5% on 1 April 2017 and 01 April 2018 so as to bridge the deficit of ₹6,851.83 lakhs over the validity of the tariff cycle.

A calculation showing 4.5% annual increase will enable the IGTPL to meet the deficit of ₹6851.83 lakhs is given below:

Particulars	2016-17 (from around November 2016 on pro rata basis)	2017-18	2018-19	Total
Estimated Income at Existing Tariff prorata	9,453.85	25,940.75	28,659.85	64,054.45
Estimated Income at revised rate allowing 4.5% tariff increase from around November 2016 and annual escalation of 4.5% from 1.4.2017 till validity of the SOR i.e. 31.3.2019	9,879.28	28,327.30	32,703.75	70,910.33
Net additional revenue to bridge the total deficit of ₹6851.83 lakhs	**425.43**	**2,386.55**	**4,043.90**	**6,855.88**

(xviii). **(a).** **As per the Tariff Policy guidelines 2005, the rates prescribed in the Scale of Rates are ceiling levels; rebates and discounts are floor levels. The IGTPL may exercise the flexibility to charge lower rates and/or allow higher rebates and discounts, as it has been doing in the last tariff cycle.**

(b). **If there is any error apparent on the face of record considered, the IGTPL may approach the Authority for review of the tariff fixed, giving adequate justification/ reasoning within 30 days from the date of notification of the Order passed in the Gazette of India.**

(xix). The IGTPL has proposed to introduce few new conditions. They are discussed as follows:

(a). The IGTPL has proposed to insert two notes under Section III – Charges for all Hazardous Containers and Over-dimensional Containers. The first proposed note states that the rates for hazardous container falling under IMO 1 and 7 will be quoted on a case to case basis. The second note states that for ODC container exceeding the prescribed dimensions and break bulk cargo, the rates will be quoted on cases to case basis. The IGTPL has stated that the Hazardous containers under IMO 1 & 7 containers are handled by case to case clearances by Port authorities with extra precautions and specific landside arrangements including specific requirement by the customers & Port authorities. As regards Over Dimensional Containers, the IGTPL has stated that the cargo dimensions are more than one feet from the standard container and hence, flat rack hooking points, special arrangements are required which vary according to the type of cargo and its dimensions. Citing that the costs would vary in each case, the IGTPL has stated that the rates will have to be agreed with the customer prior to handling the same.

In this regard, it is relevant here to state that the proposed notes allow discretion to IGTPL to levy rates on case to case basis. As per Section 42 (4) of the Major Port Trusts Act, 1963, the BOT operator cannot recover any sum in excess of the rate approved by the Authority. The proposed notes are seen not to be in line with the provision in the statute. Even in other container terminals where such categories of containers are handled, such notes allowing discretion to levy rate on case to case basis are not prescribed by the Authority. The IGTPL may, if required, approach the Authority for specific rates which will be a ceiling rate.

(xx). The IGTPL has proposed to modify the description of the tariff item (iv) i.e., from "POD Change" to "POD/Vessel Change" under Section IX–Misc. The IGTPL has stated that POD changes refers to change in the Port of Discharge. This could be consequent to change in declared vessel information. Since the IGTPL has stated that the revised description of service is intended to give clarity to the users, the same is accepted.

(xxi). The IGTPL has also proposed to modify the description of the tariff item (v) i.e., from "Change of status of container" to "Change of status/weight of container" under Section IX–Misc. The IGTPL has stated that change in status refers to and includes any change in the declared container information. Since the IGTPL has stated that the revised description is intended to give clarity to the users, the same is accepted.

(xxii). The IGTPL has proposed to include a new service under Section IX – Miscellaneous Charges at sl. no. (xii) – "Weighment Charges" stating that there are requests from the shipping lines to weigh the containers at its terminal. Consequent to the adoption of the International Convention for the Safety Of Life At Sea (SOLAS) requirement by International Maritime Organisation, the terminal may have to provision for the service of weighment of containers. The rate proposed is ₹250 and ₹375 for 20' and 40' container respectively. The proposed rates, therefore, approved. The IGTPL has stated that the estimated revenue from this service is included in its revenue estimates, which is relied upon. Considering that this a miscellaneous tariff item and recognising that revenue therefrom is captured in revenue estimates, and also recognising that none of the users have made a pointed objection, the proposed rates are approved.

(xxiii). It is relevant here to state that the Authority, in view of the clarification sought by the V.O. Chidambaranar Port Trust regarding levy of concessional charges for coastal cargo/ container has passed an Order No.TAMP/53/2015-VOCPT dated 29 September 2015 based on the recommendations of Directorate General (DG) Shipping. The provisions approved in the said Order were further amended vide Order No.TAMP/53/2015-VOCPT dated 26 November 2015 and 20 May 2016 based on direction from DG Shipping. The provisions proposed by the IGTPL are updated with the amended provisions approved by the Authority in the recent Order.

(xxiv). The Authority has passed an Order No.TAMP/14/2016-Misc dated 9 February 2016 relating to prescription of lower charges for cargo & vessels related services as well as special discount in port charges for the services rendered after regular hours by the Major Port Trusts and BOT Operators operating thereat in pursuance of MOS letter No.PD/14033/101/2015-PD.V dated 3 February 2016. The IGTPL has not incorporated the provisions prescribed in the Order dated 9 February 2016 stating that the ICTT Terminal operates for all the 24 hours in a day. Since this condition flows from the direction of the MOS and the same is prescribed for common adoption by all Major Ports and BOT operators the same is included in the SOR of IGTPL as well.

(xxv). In line with clause 2.18.2 of the tariff guidelines, the proposed note 2(v)(b) has been modified to reflect the prevailing Prime Lending Rate of State Bank of India at 14.05% plus 2% i.e. 16.05%.

(xxvi). The tariff guidelines of 2005 applicable for the BOT operators prescribe tariff validity cycle of three years. Since the financial position considered for the purpose of this analysis is till 31 March 2019, the validity of the revised Scale of Rates of the IGTPL are prescribed till on 31 March 2019.

(xxvii). The validity of the existing SOR of the IGTPL was last extended till 30 June 2016. The revised Scale of Rates will come into effect after expiry of 30 days from the date of notification of the Order in the Gazette. Hence, the validity of existing Scale of Rates is deemed to have been extended from the date of its expiry till the revised Scale of Rates approved comes into effect.

11.1. In the result, and for the reasons give above, and based on a collective application of mind, this Authority approves the revised SOR of the IGTPL which has been notified separately. The effective date of the revised Scale of Rates and conditionalities governing the application of revised Scale of Rates will remain the same as already indicated in the separate Order dated 17 September 2016 and shall be in force till 31 March 2019. The approval accorded will automatically lapse thereafter unless specifically extended by this Authority.

11.2. The tariff of the IGTPL has been fixed relying on the information furnished by the operator and based on assumptions made as explained in the analysis. If the Authority, at any time, during the prescribed tariff validity period, finds that the actual position varies substantially from the estimates considered or there is deviation from the assumptions accepted herein, the Authority may require IGTPL to file a proposal ahead of the schedule to review its tariff and to set-off the advantage as per the revised tariff guidelines accrued on account of such variations in the revised tariff.

11.3. In this regard, the IGTPL is requested furnish a report of the actual physical and financial performance within 15 days of completion of each quarter of a year in the same format in which the cost statement for the tariff proposals are filed. The report should also be accompanied with the reasons for variation from the estimates relied upon for fixing the tariff in force. If a variation of (+) / (-) 20% is observed between the actual and the estimates for two consecutive quarterly period, TAMP will call upon the concerned operator to submit their proposal for an ahead of scheduled review. If the IGTPL fails to file a tariff proposal within the time limit to be stipulated by TAMP, the Authority will proceed *suo motu* to review the tariff.

(T.S. Balasubramanian)
Member (Finance)

Annex - I (a)

Comparision of 2008-09 provisional figuers with actuals for the operations of RGCT by IGTPL

(Rs.Lakhs)

Sr. No.	Particulars	2008-09		
		Considered based on the provisional accounts	Actuals	% change with
		E	A	A - E
	Traffic in TEUs	2,60,872	2,60,873	0.00%
I	**Total Operating Income**			
	(i) Container handling income	6,338.00	6787.14	
	(ii) Others - Storage, Reefer, Extra Moves, etc.	2,283.00	2057.49	
	Total (i to ii)	**8,621.00**	**8844.63**	2.53%
II	**Operating Costs (excluding depreciation)**			
	(i) Operating & Direct Labour	833.00		
	(ii) Maintenance Labour	398.00	75.92	
	(iii) Equipment Running Costs	1,222.00	1163.10	
	(iv) Equipment Hire		0.00	
	(v) Lease Rentals payable as per concession agreement	1,152.00	1250.00	
	(vi) Insurance	76.00	69.00	
	(vii) Other expenses	146.00	1965.21	
	(viii) Technical Service Fee	294.00	293.60	
	(ix) Impact of Wage Revision			
	Total (i to ix)	**4,121.00**	**4816.83**	14.45%
III	Depreciation	**1,225.00**	1228.26	0.27%
IV	Overheads			
	(i) Management & Administration overheads	683.00	407.89	
	(ii) Others (Lashing & Unlashing Labour)			
	Total (i to ii)	**683.00**	**407.89**	-67.45%
V	**Operating Surplus / (Deficit) (I) – (II) – (III) - (IV)**	**2,591.00**	**2391.65**	
VI	Finance & Miscellaneous Income (FMI)			
	(i) Profit on sale of assets			
	(ii) Scrap Sales	8.34	8.35	
	Total	**8.34**	**8.35**	
VII	Finance & Miscellaneous Expenses (FME)			
	(i) Other Bank Charges	23.00	23.00	
	(ii) Loss on Sale of Fixed Assets			
	Total	**23.00**	**23.00**	
VIII	**FMI Less FME (VI) - (VII)**	(14.66)	(14.65)	-0.07%
IX	**Surplus Before Interest and Tax (V) + (VIII)**	**2,576.34**	**2377.00**	
X	**Capital Employed**	**6486.21**	**5837.76**	-11.11%
XI	RoCE - Maximum permissible (16%)	16%	16%	
XII	Capacity Utilization			
XIII	RoCE adjusted for capacity utilization	1,037.79	934.04	
XIV	**Net Surplus / (Deficit) (IX) - (XIII)**	**1,538.55**	**1442.96**	
XV	**Net Surplus / (Deficit) as a % of operating income**	**18%**	**16%**	

Adjustments in the actuals for a like to like comparision

(i).	Depreciation for assets taken over from the COPT depreciated over 8.10 to 9.06 years by IGTPL. In the August 2009 Order, depreciation on the assets taken over from COPT was spread over the operations at RGCT for 4 years and 8 months. Impact on the estimates by depreciating the assets at 21.41% for teh	-164.42	-164.42	
(ii).	The return on capital employed allowed on the net fixed assets as per reported in the Annual Accounts moderated on account of adjustment done in the depreciation as explained in sr no (i) above as done in August 2009 Order.	-26.31	-26.31	
(iii).	Impact of wage revisions of COPT employees taken over by the IGTPL considered from 1 January 2007 at 15% of the total salaries and wage cost in the August 2009 Order in respect of the year 2008-09. The impact of wage revision provided in the year 2008-09 in the August 2009 Order would have been captured on the payment of wage revision in actual terms. Hence	-141.36	0	
	Sum of the Adjustments	-332.10	-190.73	
	Modified net surplus/ Deficit	**1206.45**	**1252.23**	

Annex - I (b)

Comparision of Actuals vis-à-vis estimates for the year 2009-10 (Upto Nov 2009) for operations at Rajiv Gandhi Container Terminal (RGCT) by IGTPL and actuals for the period from 01 December 2009 to 17 February 2011

(Rs. Lakhs)

Sr. No.	Particulars	01.04.2009 to 30.11.2009			01.12.2009 to 31.03.2010	01.04.2010 to 17.02.2011
		Estimates (8 months)	Actuals (prorated for 8 months by IGTPL)	% change with reference to Estimates	Actuals (prorated for 4 months by IGTPL)	Actuals (11 months & 17 days)
		E	A	A - E	A	A
	Traffic in TEUs	1,85,010	1,95,169	5.21%	94,211.00	2,82,923
I	**Total Operating Income**					
	(i) Container handling income	4,495	4,987.24		2,407.42	6,916.86
	(ii) Others - Storage, Reefer, Extra Moves, etc.	1,541	1,083.33		522.94	1,337.51
	Total (i to ii)	**6,037**	**6,070.57**	0.55%	**2,930.36**	**8,254.37**
II	**Operating Costs (excluding depreciation)**					
	(i) Operating & Direct Labour	612	753.03		376.52	1,130.18
	(ii) Maintenance Labour	279	390.19		195.09	791.60
	(iii) Equipment Running Costs	848	762.68		368.16	1,196.97
	(iv) Equipment Hire		15.35		7.41	82.66
	(v) Lease Rentals payable as per concession agreement	789	777.66		388.83	1,074.64
	(vi) Insurance	76	92.18		46.09	125.15
	(vii) Other expenses	111	55.75		27.66	145.24
	(viii) Technical Service Fee	222	216.93		108.47	517.12
	(ix) Impact of Wage Revision	100				
	Total (i to ix)	**3,036**	**3,063.77**	0.91%	**1,518.23**	**5,063.55**
III	Depreciation	1,100	895.22	-22.88%	388.92	1,060.82
IV	Overheads					
	(i) Management & Administration overheads	477	713.42		356.71	1,052.89
	(ii) Others (Lashing & Unlashing Labour)		-		-	
	Total (i to ii)	**477**	**713.42**	33.14%	**356.71**	**1,052.89**
V	**Operating Surplus / (Deficit) (I) – (II) – (III) - (IV)**	**1,423**	**998.84**		**666.50**	**1,077.12**
VI	Finance & Miscellaneous Income (FMI)					
	(i) Profit on sale of assets	-				40.84
	(ii) Scrap Sales		19.81		9.90	33.94
	Total	**-**	**19.81**		**9.90**	**74.79**
VII	Finance & Miscellaneous Expenses (FME)					
	(i) Other Bank Charges	15	10.53		5.27	101.80
	(ii) Loss on Sale of Fixed Assets	-	46.11		23.05	-
	Total	**15**	**56.64**		**28.32**	**101.80**
VIII	**FMI Less FME (VI) - (VII)**	**- 15**	**- 36.84**	59.28%	**- 18.41**	**- 27.01**
IX	**Surplus Before Interest and Tax (V) + (VIII)**	**1,408**	**962.01**		**648.09**	**1,050.10**
X	**Capital Employed**	**5,561**	**4,451.09**	-24.94%	**4,451.09**	**3,793.31**
XI	RoCE - Maximum permissible (16%)	16%	16%		0.16	0.16
XII	Capacity Utilization					
XIII	RoCE adjusted for capacity utilization	593	474.78		237.39	531.06
XIV	**Net Surplus / (Deficit) (IX) - (XIII)**	**815**	**487.22**	-67.24%	**410.70**	**519.04**
XV	**Net Surplus / (Deficit) as a % of operating income (XIV/I in %)**	**13.50%**	**8.03%**	-68.17%	**15.06%**	**6.29%**

Annex - I (c)

Comparision of Actuals vis-à-vis estimates for the operations at International Container Transhipment Terminal (ICTT)by IGTPL for the period from 18.2.2011 to 31.3.2015

(Rs. in Lakhs)

Sr. No.	Particulars	Estimates **								Actuals **							% change
		2010 *	2011 *	2011 prorated for (18.02.2011 to 31.03.2011)*	2012	2013	2014	2015	Total Estimates (18.02.2011 to 31.12.2015)	2010-11 prorated for (18.02.2011 to 31.03.2011)	2011-12	2012-13	2013-14	2014-15	2015-16 (upto Dec 2015)	Total Actuals (18.02.2011 to 31.12.2015)	with reference to Estimates
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
I	**Traffic (in TEUs)**	4,78,000	5,88,000	5,10,674	6,84,456	7,52,902	8,28,192	9,11,011	**36,87,234**	29,266	3,37,053	3,34,926	3,46,204	3,66,376	3,06,264	**17,20,089**	**-53.35%**
II	**Total Operating Income**																
	(i) Container handling income #	21,037	26,779	23,257	32,257	36,718	41,795	47,574	1,81,601.38	2,101.54	15,005.70	16,078.40	16,231.90	17,548.70	14,806.00	81,772.24	
	(ii) Others								-							-	
	Total (i to iv)	**21,037**	**26,779**	**23,257**	**32,257**	**36,718**	**41,795**	**47,574**	**1,81,601.38**	**2,101.54**	**15,005.70**	**16,078.40**	**16,231.90**	**17,548.70**	**14,806.00**	**81,772.24**	**-54.97%**
III	**Operating Costs**																
	(i) Operating & Direct Labour	392	415	360	439	746	789	886	3,220.66	143.00	321.78	227.90	225.22	229.97	175.51	1,323.38	
	(ii) Maintenance Labour	297	314	273	332	517	547	612	2,280.73	100.00	105.61	58.48	48.87	46.52	27.73	387.21	
	(iii) Equipment Running Costs	2,163	2,527	2,194	2,911	3,272	3,685	4,160	16,221.98	124.00	1,394.21	1,349.11	1,468.04	1,466.28	938.31	6,739.95	
	(iv) Royalty / revenue share	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	(v) Equipment Hire	735	927	805	1,106	1,247	1,406	1,585	6,149.09	9.00	397.82	432.10	449.61	550.44	374.28	2,213.25	
	(vi) Lease Rentals payable as per Concession Agreement	5	5	4	5	5	5	6	25.22	136.00	12.11	9.10	12.39	15.43	2.32	187.35	
	(vii) Insurance	437	403	350	368	368	368	368	1,822.00	16.00	98.19	162.13	160.90	171.52	130.04	738.78	
	(viii) Other expenses	209	251	218	298	336	379	427	1,657.99	15.21	252.47	285.67	336.02	434.45	316.05	1,639.87	
	(ix) Technical Service Fee	634	669	581	699	716	734	753	3,483.02	52.00	610.91	1,086.05	821.00	738.29	406.42	3,714.67	
	(x) Depreciation	7,504	7,504	6,517	7,504	7,504	7,504	7,504	36,533.17	2,417.00	6,662.70	6,647.70	6,685.20	6,539.40	4,515.00	33,467.00	
	(xi) Management & Administration overheads	534	565	491	598	632	669	708	3,098	133.00	1,501.10	1,576.26	1,647.65	1,878.14	1,311.34	8,047.49	
	(xii) Lashing & Unlashing Labour	1,008	1,314	1,141	1,711	1,991	2,317	2,697	9,857.92	-	-	-	-	-	-	-	
	Total (i to x)	**13,918**	**14,893**	**12,935**	**15,970**	**17,335**	**18,404**	**19,706**	**84349.60**	**3,145.21**	**11,356.90**	**11,834.50**	**11,854.90**	**12,070.44**	**8,197.00**	**58,458.95**	**-30.69%**
IV	**Surplus / (Deficit) [(I) – (II)]**	**7,119**	**11,886**	**10,323**	**16,287**	**19,383**	**23,391**	**27,868**	**97251.78**	**(1,043.67)**	**3,648.80**	**4,243.90**	**4,377.00**	**5,478.26**	**6,609.00**	**23,313.29**	
V	**Finance & Miscellaneous Income (FMI)**																
	(i) Profit on sale of assets	-	-	-	-	-	-	-	-	5.00	-	2.00	0.20	4.60	-	11.80	
	(ii) Scrap Sales & Misc. Income in 2015-16	-	-	-	-	-	-	-	-	4.60	46.40	8.20	8.60	15.00	22.00	104.80	
	Total	-	-	-	-	-	-	-	-	**9.60**	**46.40**	**10.20**	**8.80**	**19.60**	**22.00**	116.60	
VI	**Finance & Miscellaneous Expenses (FME)**																
	(i) Other Bank Charges	-	-	-	-	-	-	-	-	13.00	8.20	2.85	3.59	7.18	19.00	53.82	
	(ii) Lashing & Unlashing Labour	-	-	-	-	-	-	-	-	2.00	-	-	-	-	-	2.00	
	(iii) Scrap Sales	-	-	-	-	-	-	-	-	-	0.10	-	-	-	-	0.10	
	Total	-	-	-	-	-	-	-	-	**15.00**	**8.30**	**2.85**	**3.59**	**7.18**	**19.00**	55.92	
VII	**FMI Less FME (VI) - (VII)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(5.40)**	**38.10**	**7.35**	**5.21**	**12.42**	**3.00**	**60.68**	**#DIV/0!**
VIII	**Surplus Before Interest and Tax (V) + (VIII)**	**7,119**	**11,886**	**10,323**	**16,287**	**19,383**	**23,391**	**27,868**	**97,251.78**	**(1,049.07)**	**3,686.90**	**4,251.25**	**4,382.21**	**5,490.68**	**6,612.00**	**23,373.97**	
IX	**Capital Employed**	1,24,021	1,16,643	1,16,643	1,09,136	1,01,632	94,128	86,624	**1,01,632.57**	**1,03,155.00**	96,442.20	89,543.40	83,744.20	77,317.60	71,315.78	**83,672.64**	**-17.67%**
									(Average)							(Average)	
X	**ROCE @ 16%**	**19,843**	**18,663**	**16,209**	**17,462**	**16,261**	**15,060**	**13,860**	**78,851.75**	**1,853.96**	**15,430.75**	**14,326.94**	**13,399.07**	**12,370.82**	**8,557.89**	**64,085.48**	
XI	**Net Surplus / (Deficit) after Return (IX) - (XIII)**	**(12,724)**	**(6,777)**	**(5,886)**	**(1,175)**	**3,122**	**8,330**	**14,008**	**18,400**	**(2,903.03)**	**(11,743.85)**	**(10,075.70)**	**(9,016.86)**	**(6,880.14)**	**(1,945.89)**	**(42,565.48)**	

Annex - I (c)

Comparision of Actuals vis-à-vis estimates for the operations at International Container Transhipment Terminal (ICTT)by IGTPL for the period from 18.2.2011 to 31.3.2015

(Rs. in Lakhs)

Sr. No.	Particulars	Estimates **								Actuals **							% change
		2010 *	2011 *	2011 prorated for (18.02.2011 to 31.03.2011)*	2012	2013	2014	2015	Total Estimates (18.02.2011 to 31.12.2015)	2010-11 prorated for (18.02.2011 to 31.03.2011)	2011-12	2012-13	2013-14	2014-15	2015-16 (upto Dec 2015)	Total Actuals (18.02.2011 to 31.12.2015)	with reference to Estimates
XII	Estimated net Surplus of RGCT operations for the years 2005-06 to 2009-10. Rs.2021 lakhs spread over five years period in the August 2009 Order	404	404	404	404	404	404	-	1,616								
XIV	**Net Surplus / (Deficit) after adjustment of surplus from RGCT**	**(12,320)**	**(6,373)**	**(5,482)**	**(771)**	**3,526**	**8,734**	**14,008**	**20,016**	**(2,903.03)**	**(11,743.85)**	**(10,075.70)**	**(9,016.86)**	**(6,880.14)**	**(1,945.89)**	**(42,565.48)**	
XV	**Net Surplus / (Deficit) as a % of operating income (XIV/I in**	**-59%**	**-24%**	**-24%**	**-2%**	**10%**	**21%**	**29%**		**-138%**	**-78%**	**-63%**	**-56%**	**-39%**	**-13%**	**-52%**	
XVI	**Average Net Surplus / (Deficit) (in %)**					**11%**						-52.1%					

* The estimates are reflected in the cost statement as IGTPL proposed to shift to ICTT in January 2010 during the last Order. However, in actual terms the IGTPL shifted from RGCT to ICTT and commenced its operations at ICTT on 18.02.2011. Hence, the estimates of the year 2011

considered in the Last Order are prorated from 18.02.2011 to 31.12.2011 in column no. 5. for a like to like comparision of actuals of ICTT operations. The aggregate of estimates shown in column no. 10 is related to the period from 18.02.2011 to 31.12.2015.

\# The income estimates considered in the cost statement captures the tariff approved in August 2009 Order for ICTT operations

** The estimates considered in the August 2009 Order was based on a calender year as per the proposal of IGTPL. The actuals furnished by the IGTPL is based on the financial year as per the audited Annual Accounts maintained on financial year basis. The comparision of actual vis a vis estimates is done on consolidated position from the period from 18.02.2011 to 31.12.2015

ANNEX - II

COST STATEMENT FOR INTERNATIONAL CONTAINER TRANSHIPMENT TERMINAL (ICTT)

(Rs. in lakhs)

Sr. No.	Particulars	Actuals		Estimates at the existing level of tariff as given by IGTPL				Actuals as considered by TAMP	Estimates at the existing level of tariff as modified by TAMP			
		2015-16 Full years for comparision	JAN-MAR 2016 as furnished by IGTPL	2016-17	2017-18	2018-19	Total	JAN-MAR 2016	2016-17	2017-18	2018-19	Total
I	Traffic (In TEUs)	4,19,550	1,13,286	4,71,300	5,54,400	6,22,600	16,48,300	1,13,286	4,71,300	5,54,400	6,22,600	16,48,300
II	Assessed Capacity of the Terminal	3,43,533	4,46,141	5,37,988	6,31,731	6,71,019	18,40,738	4,46,141	5,37,988	6,31,731	6,71,019	18,40,738
III	**Total Operating Income**											
	Container Handling Income	19,545.91	4,740	19,637	22,076	24,778	66,491	4,739.91	20,348.79	23,379.05	25,894.12	69,622
	Other Income	710.09	710	2,340	2,562	2,766	7,668	710.09	2,340.46	2,561.70	2,765.73	7,668
	Total Income	**20,256.00**	**5,450**	**21,978**	**24,637**	**27,544**	**74,158**	**5,450.00**	**22,689.25**	**25,940.75**	**28,659.85**	**77,289.85**
IV	**Operating Costs**											
	(i) Operating & Direct Labour	242.40	67	288	337	396	1,020	66.89	276.27	311.66	348.62	937
	(ii) Maintenance Labour	35.92	8	42	46	51	139	8.19	36.80	37.71	38.64	113
	(iii) Equipment Running Costs	1,240.67	302	1,434	1,699	1,925	5,057	302.36	1,409.07	1,625.97	1,795.78	4,831
	(iv) Efficiency gain on Electricity	-	-	168	198	222	589	-	-	-	-	-
	(v) Royalty / revenue share	-	-	-	-	-	-	-	-	-	-	-
	(vi) Equipment Hire	507.72	133	741	932	1,085	2,758	133.44	678.92	896.58	1,026.75	2,602
	(vii) Lease Rentals payable as per concession agreement	5.52	3	12	12	12	36	3.20	8.13	8.14	8.14	24.41
	(viii) Insurance	167.19	37	198	205	213	616	37.15	174.39	182.71	189.27	546.37
	(ix) Other expenses	428.19	107	551	577	605	1,734	112.14	438.72	449.52	517.23	1,405.47
	(x) Technical Service Fee	566.70	160	632	743	834	2,209	160.28	631.54	742.90	834.28	2,208.72
	Total Expenses	**3,194.31**	**818**	**4,064**	**4,749**	**5,344**	**14,158**	**823.65**	**3,653.84**	**4,255.19**	**4,758.71**	**12,667.74**
V	Depreciation	6,003	1,488	5,890	5,908	5,990	17,789	1,488	5,889.92	5,908.40	5,990.39	17,788.71
VI	Overheads											
	Management & Administration overheads	1,906.51	595.17	2,052	2,233	2,431	6,716	595.17	1,993.41	2,042.45	2,092.69	6,128.55
	Total (i to ii)	**1,906.51**	**595**	**2,052**	**2,233**	**2,431**	**6,716**	**595.17**	**1,993.41**	**2,042.45**	**2,092.69**	**6,128.55**
VII	**Operating Surplus / (Deficit) (III)–(IV)–(V)-(VI)**	**9,151.81**	**2,548**	**9,971**	**11,747**	**13,778**	**35,496**	**2,542.81**	**11,152.08**	**13,734.71**	**15,818.06**	**40,704.85**
VIII	Finance & Misc. Income											
	(i) Profit on sale of assets											
	(ii) Scrap Sales & Misc. Income in 2015-16	33.80	2	5	6	7	19	11.80	5.40	6.35	7.13	18.88
	Total	**33.80**	**2**	**5**	**6**	**7**	**19**	**11.80**	**5.40**	**6.35**	**7.13**	**18.88**
IX	Finance & Misc. Expenses											
	(i) Loss on repayment of foreign currency loans if any											
	(ii) Other Bank Charges	20.00	-	-	-	-	-	1.00	-	-	-	0.00
	(iii) Loss on Sale of Fixed Assets											
	Total	**20.00**	**0**	**0**	**0**	**0**	**0**	**1.00**	**0.00**	**0.00**	**0.00**	**0.00**
X	**FMI Less FME (VIII) - (IX)**	13.80	**2**	**5**	**6**	**7**	**19**	**10.80**	**5.40**	**6.35**	**7.13**	**18.88**
XI	**Surplus Before Interest and Tax (VII) + (X)**	9,165.61	2,550	9,977	11,753	13,785	35,515	2,553.61	11,157.48	13,741.06	15,825.19	40,723.73
XII	Capital Employed	71,315.78	72,120	69,046	65,762	61,121	82,476	71,315.78	68,173.56	64,824.97	60,114.47	81,362.70
XIII	RoCE - Maximum permissible 16%	16%	16%	16%	16%	16%		16%	16%	16%	16%	
XIV	Capacity Utilization			87.60%	87.76%	92.78%			87.60%	87.76%	92.78%	
XV	ROCE @ 16%	11,411	2,884.79	11,047.35	10,521.87	9,779.39	10,533	2,852.63	10,907.77	10,372.00	9,618.32	10,384.84
XVI	Net Surplus/ deficit after Return	(2,259)	(336.39)	(1,075.98)	1,225.18	3,998.54	4,148	(299.02)	249.71	3,369.06	6,206.87	9,825.64
	(a).By IGTPL - Excess adjustment of Rs.592.07 lakhs for the year 2008-09 & 2009-10 (upto November 2009) Plus Surplus of Rs.652 lakhs from Dec2009 toFebruary 2011 plus Loss at ICTT Rs.44468.02 lakhs (b) By TAMP - Net deficit at ICTT Rs.42565.48 lakhs					(45,712.09)					(42,565.48)	
	Net Surplus of RGCT for adjustment in the current tariff cycle ofRs.647.74 lakhs [(-) Rs.282 lakhs of 2008-09 & upto Dec 2009 plus Rs.929.74 lakhs of Dec 09 to 17.02.2011]										647.74	
	(a).Net deficit considered for adjustment by IGTPL (100% of Rs.592.07 lakhs and 40% of Rs.44468.02 lakhs and Rs.652 lakhs). (b). Net deficit considered for adjustment by TAMP (40% of Rs.42565.48 lakhs) i.e.,(-) 17026.19 lakhs plus Rs.647.74 lakhs of additional surplus at RGCT					(18,118.47)					(16,378.45)	
		-	(1,394)	(5,575)	(5,575)	(5,575)	(16,725.00)	-	(5,459.48)	(5,459.48)	(5,459.49)	(16,378.45)
XVII	Net Surplus/ deficit after adjusting past period losses	(2,259)	(1,730)	(6,651)	(4,350)	(1,576)	(12,577.26)	(299.02)	(5,209.77)	(2,090.42)	747.38	(6,552.81)
XVIII	Net surplus / deficit as percentage of operating income	**-12%**	**-32%**	**-30%**	**-18%**	**-6%**		**-5.5%**	**-23.0%**	**-8.1%**	**2.6%**	
XIX	Average net surplus/ deficit (in %)				**-17.0%**					**-8.5%**		
	Total Deficit from January 2016 to March 2019 (Rs. 6552.81 lakhs + Rs. 299.02 lakhs)											**6,851.83**
	Estimated Revenue for the Period from around November 2016 to March 2019											64,054.45
	As against IGTPL proposal proposing 9.12% increase from Aug 2016 and annual increase of 9.12% from 1 April 2017, existing tariff increased by 4.50% from around November 2016 and annual increase of 4.50 % granted from 1 April 2017 till 31 March 2019											4.50%

Annex - III

INDIA GATEWAY TERMINAL PRIVATE LIMITED

SCALE OF RATES FOR INTERNATIONAL CONTAINER TRANSHIPMENT TERMINAL

PREFACE

This Scale of Rates sets out the charges payable to India Gateway Terminals Private Limited for use of services and facilities provided at the International Container Transhipment Terminal (ICTT).

1. DEFINITIONS

In this Scale of Rates, unless the context otherwise requires, the following definitions shall apply:

(i). **"IGTPL"** means India Gateway Terminal Private Limited, a company incorporated in India, its successors and assigns.

(ii). **"Coastal Vessel"** shall mean any vessel exclusively employed in trading between any port or place in India to any other port or place in India having a valid coastal license issued by the competent authority / Directorate general of Shipping.

(iii). **"Container"** means the standard ISO container, suitable for the transport and stacking of cargo and must be capable of being handled as a unit and lifted by a crane with a container spreader.

(iv). **"FCL"** means a container said to contain Full Container Load.

(v). **"Foreign going Vessel"** shall mean any vessel other than a coastal vessel.

(vi). **"Hazardous container"** means a Container containing hazardous goods as classified under IMO.

(vii). **"ICD"** means Inland Container Depot.

(viii). **"LCL"** means a container said to contain Less than full Container Load (Container having cargo of more than one importer/ exporter).

(ix). **"Over Dimensional Container"** means a container carrying over dimensional cargo beyond the normal size of standard containers and needing special devices like slings, shackles, lifting beam, etc. Damaged containers (including boxes having corner casting problem) and container requiring special devices for lifting is also classified as Over Dimensional Container.

(x). **"Per day"** means per calendar day or part thereof.

(xi). **"Port"** means Cochin Port Trust.

(xii). **"Reefer"** means any container for the purpose of the carriage of goods, which require power supply to maintain the desired temperature.

(xiii). **"Shut Out Container"** means a container, which has entered the terminal for export for a vessel as indicated by VIAN and is not connected to the vessel for whatsoever reason.

(xiv). **"Transhipment container"** means a Container discharged from one vessel, stored in IGTPL and transported through another vessel.

(xv). **"VIAN"** means Vessel Identification Advise Number.

2. GENERAL

(i). The status of the vessel, as borne out by its certification by the Customs or the Director General of Shipping, shall be the deciding factor for classifying into 'coastal' or 'foreign-going' category for the purpose of levying vessel related charges; and, the nature of cargo or its origin will not be of any relevance for this purpose.

(ii). System of classification of vessel for levy of Vessel Related Charges (VRC)

(a) A foreign going vessel of Indian flag having a General Trading Licence can convert to coastal run on the basis of a Customs Conversion Order. Such vessel that converts into coastal run based on the Customs Conversion Order at her first port of call in Indian Port, no further custom conversion is required, so long as it moves on the Indian Coast.

(b) A foreign going vessel of foreign flag can convert to coastal run on the basis of a License for Specified Period or Voyage issued by the Director General of Shipping and Custom Conversion order.

(iii). Criteria for levy of vessel related charges (VRC) at Concessional Coastal rate and foreign rate

(a) In cases of such conversion, coastal rates shall be chargeable by the load port from the time the vessel starts loading coastal goods.

(b) In cases of such conversion coastal rates shall be chargeable till the vessel completes discharging operations at the last call of Indian Port; immediately thereafter, foreign going rates shall be chargeable by the discharge ports.

(c) For dedicated Indian coastal vessels having a Coastal licence from the Director General of Shipping, no other document will be required to be entitled to coastal rates.

(iv). Criteria for levy of Cargo Related Charges (CRC) at Concessional Coastal rate

(a) Foreign going Indian vessel having General Trading License issued for 'worldwide and coastal' operation should be accorded applicable coastal rates with respect to Handling Charges (HC) i.e. ship to shore transfer and transfer from/ to quay to/ from storage yard including wharfage in the following scenario:-

(i). Converted to coastal run and carrying coastal cargo from any Indian Port and destined for any other Indian Port.

(ii). Not Converted* to coastal run but carrying coastal cargo from any Indian Port and destined for any other Indian Port.

*The Central Board of Excise & Customs - Circular No 15/2002-Cus dated 25th February 2002 allows carriage of coastal cargo from one Indian Port to another Indian Port in India, in Indian flag foreign going vessels without any Custom Conversion.

(b). In case of Foreign flag vessels converted to coastal run on the basis of a License for Specified Period or Voyage issued by the Director General of Shipping and a Custom Conversion Order, the coastal cargo/ container loaded from Indian Port and destined from any other Indian Port should be levied at the rate applicable for coastal cargo / container.

(v). Container related charges denominated in US dollar terms shall be collected in equivalent Indian Rupees. For this purpose, the market buying rate notified by the Reserve Bank of India, State Bank of India or its associates or any other Public Sector Bank as may be specified from time to time prevalent on the date of entry of the vessel into the Terminal (in case of import containers) and on the date of arrival of containers in the Terminal premises (in case of export containers) shall be applied for conversion of the dollar denominated charges into Indian rupees.

(vi). (a). All dollar denominated tariff will be recovered in Indian Rupees after conversion of charges in dollar terms into its equivalent Indian Rupees at the market buying rate notified by the Reserve Bank of India, State Bank of India or its associates or any other Public Sector banks as may be specified from time to time.

(b). The day of entry of the vessel into port limits shall be reckoned as the day for such conversion. In respect of charges on containers, the day of entry of the vessel in the case of import containers and the day of arrival of containers into the port in the case of export containers shall be reckoned as the day for such conversion.

(vii). A regular review of exchange rate shall be made once in 30 days from the date of arrival in the cases of vessels staying in the port for longer period. The basis of billing shall change prospectively with reference to the appropriate exchange rate prevailing at the time of review.

(viii). All charges worked out shall be rounded off to the next higher rupee on the grand total of each bill.

(ix). (a). The user shall pay penal interest on delayed payments of any charge under this Scale of Rates. Likewise, the IGTPL shall pay penal interest on delayed refunds.

(b). The rate of penal interest will be 16.05% per annum. The penal rate will apply to both the IGTPL and the port users equally.

(c). The delay in refunds will be counted beyond 20 days from the date of completion of services or on production of all the documents required from the users, whichever is later.

(d). The delay in payments by the users will be counted beyond 10 days after the date of raising the bills by the IGTPL. This provision shall, however, not apply to the cases where payment is to be made before availing the services as stipulated in the Major Port Trusts Act, 1963 prescribed as a condition in the tariff.

(x). (a). The container related charges for all coastal should not exceed 60% of the normal container related charges.

(b). In case of container related charges, the concession is applicable on composite box rate. Where itemized charges are levied, the concession will be on all the relevant charges for ship-shore transfer, and transfer from / to quay to / from storage yard as well as wharfage on cargo and containers.

(c). For the purpose of this concession, container from a foreign port which reaches an Indian Port ‘A’ for subsequent transhipment to Indian Port ‘B’ will also qualify insofar as the charges relevant for its coastal voyage. In other words, cargo/containers from/to Indian Ports carried by vessels permitted to undertake coastal voyage will qualify for the concession.

(xi). Users will not be required to pay charges for delays beyond a reasonable level attributable to the IGTPL.

(xii). In case a vessel idles due to non-availability or breakdown of the shore based facilities of IGTPL or any other reasons attributable to the IGTPL, rebate equivalent to berth hire charges payable to COPT during the period of idling shall be allowed by IGTPL.

(xiii). In case a vessel idles at the IGTPL terminal for more than two hours due to user's fault, ₹1,00,000 per hour will be levied.

(xiv). The tariff prescribed in the Scale of Rates will be increased by 4.50% per annum on 1st April every year with reference to the tariff prevailing in the immediate preceding year. The first such escalation will be effected on 1 April 2017 and the last one will be on 1 April 2018. The individual tariff arrived after applying the annual escalation shall be rounded off to 1/100th of a paise.

(xv). The minimum level of productivity will be 25 moves per hour per crane for handling normal containers by gantry crane as mentioned in schedule 1.1. A reduction of 5% in the charges prescribed in schedule 1.1. will be allowed in case the productivity falls below 25 moves per hour / per crane.

(xvi). In order to decongest the ports and encourage exporters / importers to utilize the port services beyond regular hours, lower charges may be levied for cargo and vessels related services as well as special discount may be offered in port charges for the services rendered after regular hours.

[This condition is incorporated in pursuance to the MOS letter No.PD/14033/101/2015-PD.V dated 3 February 2016 based on which a common adoption Order No.TAMP/14/2016-Misc dated 16 February 2016 is approved by the Authority]

SECTION - I

1. CHARGES FOR ALL NORMAL AND REEFER CONTAINERS

1.1. Gantry Crane Charges including Lashing / unlashing, stowage planning

Particulars	Foreign-going (in US$)	Coastal (in ₹)
Per Laden Container		
Not Exceeding 20' in length	52.26	1373.05
Exceeding 20' and upto 40' in length	78.39	2059.59
Over 40' in length	104.49	2746.07
Per Empty Container		
Not Exceeding 20' in length	52.26	1373.05
Exceeding 20' and upto 40' in length	78.39	2059.59
Over 40' in length	104.49	2746.07

Note:
The consolidated charges prescribed above include the following elements, viz. stevedoring, use of gantry crane, use of transfer crane, lashing / unlashing and stowage planning.

1.2. Transportation from QC to Yard and visa versa

Particulars	Foreign-going (in ₹)	Coastal (in ₹)
Per Laden Container		
Not Exceeding 20' in length	397.71	238.63

Exceeding 20' and upto 40' in length	596.59	357.98
Over 40' in length	795.41	477.24
Per Empty Container		
Not Exceeding 20' in length	353.58	212.16
Exceeding 20' and upto 40' in length	530.38	318.22
Over 40' in length	707.14	424.30

1.3. Transportation from Container Yard to Rail Yard and visa versa

Particulars	Foreign-going (in ₹)	Coastal (in ₹)
Per Laden Container		
Not Exceeding 20' in length	397.71	397.71
Exceeding 20' and upto 40' in length	596.59	596.59
Over 40' in length	795.41	795.41
Per Empty Container		
Not Exceeding 20' in length	353.58	353.58
Exceeding 20' and upto 40' in length	530.38	530.38
Over 40' in length	707.14	707.14

1.4. Handling at Container Yard for lift on / off while receiving from Quay

Particulars	Foreign-going (in ₹)	Coastal (in ₹)
Laden Container		
Not Exceeding 20' in length	848.49	509.11
Exceeding 20' and upto 40' in length	1272.73	763.68
Over 40' in length	1696.97	1018.24
Empty Container		
Not Exceeding 20' in length	265.16	159.08
Exceeding 20' and upto 40' in length	397.76	238.63
Over 40' in length	530.32	318.16

1.5. Handling from truck / rail for delivery / receipt to and from customers

Particulars	Foreign-going (in ₹)	Coastal (in ₹)
Laden Container		
Not Exceeding 20' in length	848.49	848.49
Exceeding 20' and upto 40' in length	1272.73	1272.73
Over 40' in length	1696.97	1696.97
Empty Container		
Not Exceeding 20' in length	265.16	265.16
Exceeding 20' and upto 40' in length	397.76	397.76
Over 40' in length	530.32	530.32

Note:

Normal containers are the general type containers, not falling under any special categories mentioned subsequently.

SECTION - II

2. CHARGES FOR ALL TRANSHIPMENT CONTAINERS

Particulars	Foreign-going (in US$)	Coastal (in ₹)
Laden Container		
Not Exceeding 20' in length	145.07	3806.74
Exceeding 20’ and upto 40’ in length	217.61	5710.09
Over 40’ in length	290.14	7613.44
Empty Container		
Not Exceeding 20' in length	128.84	3382.47
Exceeding 20’ and upto 40’ in length	193.24	5073.75
Over 40’ in length	257.64	6764.96

Notes:

(1). The composite rates given above covers gantry crane charges, lashing, unlashing, stowage planning, charges for transportation from quay to yard and vice-versa, charges for grounding and lifting by transfer crane at the yard and wharfage.

(2). A container from foreign port landing at the IGTPL for subsequent transhipment to an Indian Port on a coastal voyage or vice versa would be charged at 50% of the transhipment charge prescribed for foreign-going vessel and 50% of that prescribed for the coastal category.

(3). A transhipment container sent to CFS, ICD or taken delivery locally shall be charged the local container rate.

(4). Charges for Hazardous Containers and Overdimensional Containers will be 1.25 times the rates prescribed above.

SECTION - III

3. CHARGES FOR ALL HAZARDOUS CONTAINERS AND OVERDIMENSIONAL CONTAINERS

3.1. Gantry Crane Charges including Lashing / unlashing

Particulars	Foreign-going (in US$)	Coastal (in ₹)
Laden Container		
Not Exceeding 20' in length	65.31	1716.32
Exceeding 20’ and upto 40’ in length	97.98	2574.47
Over 40’ in length	130.64	3432.63

3.2. Transportation from QC to Yard and visa versa

Particulars	Foreign-going (in ₹)	Coastal (in ₹)
Laden Container		
Not Exceeding 20' in length	497.15	298.33
Exceeding 20’ and upto 40’ in length	745.75	447.50
Over 40’ in length	994.31	596.66

3.3. Transportation from Container yard to Rail yard and visa versa

Particulars	Foreign-going (in ₹)	Coastal (in ₹)
Laden Container		
Not Exceeding 20' in length	497.15	497.15
Exceeding 20’ and upto 40’ in length	745.75	745.75

Over 40' in length	994.31	994.31

3.4. Handling at Container Yard for lift on / off while receiving from Quay

Particulars	Foreign-going (in ₹)	Coastal (in ₹)
Laden Container		
Not Exceeding 20' in length	1060.57	636.39
Exceeding 20' and upto 40' in length	1590.90	954.62
Over 40' in length	2121.15	1272.79

3.5. Handling from truck / rail for delivery / receipt to / from customers

Particulars	Foreign-going (in ₹)	Coastal (in ₹)
Laden Container		
Not Exceeding 20' in length	1060.57	1060.57
Exceeding 20' and upto 40' in length	1590.90	1590.90
Over 40' in length	2121.15	2121.15

SECTION - IV

4. WHARFAGE CHARGES

Particulars	Foreign-going (in ₹)	Coastal (in ₹)
Laden Container including ICD container		
Not Exceeding 20' in length	883.83	530.32
Exceeding 20' and upto 40' in length	1325.73	795.49
Over 40' in length	1767.65	1060.64
Empty Container including ICD empty container		
Not Exceeding 20' in length	185.61	111.43
Exceeding 20' and upto 40' in length	278.43	167.14
Over 40' in length	371.25	222.81

SECTION - V

5. CHARGES FOR HANDLING HATCHCOVERS OF VESSELS

Particulars	Foreign-going (in US$)	Coastal (in ₹)
Opening hatchcover and replacing it (charge per hatchcover)		
A. When placing the hatchcover on the quay	24.34	636.39
B. Without placing the hatchcover on the quay	60.85	1590.90

SECTION - VI

6. CHARGES FOR SHIFTING OF CONTAINERS WITHIN VESSELS (RESTOWS) [FULL CONTAINER LOAD AND EMPTY CONTAINER]

Particulars	Foreign-going (in US$)	Coastal (in ₹)
A. Shifting containers within the vessel (per move)		
Not Exceeding 20' in length	40.57	1060.57
Exceeding 20' and upto 40' in length	60.84	1590.90
Over 40' in length	81.12	2121.15
B. Other than (A)		
Not Exceeding 20' in length	90.24	2359.84

Exceeding 20' and upto 40' in length	135.37	3539.75
Over 40' in length	180.48	4719.68

SECTION - VII

7. REEFER RELATED CHARGES

Particulars	Foreign-going (in US$)	Coastal (in ₹)
A. Charges for supply of electricity reefer Monitoring and Connection/disconnection (per 4 hours/or part thereof) [For Laden and Empty]		
Not Exceeding 20' in length	4.72	205.95
Exceeding 20' and upto 40' in length	7.10	308.92
Over 40' in length	9.44	411.91
B. Pre-Trip inspection (including supply of electricity)	62.00	3008.26
C. Cleaning of containers [For Laden and Empty]		
Not Exceeding 20' in length	2.48	120.33
Exceeding 20' and upto 40' in length	4.95	240.65
Over 40' in length	7.44	361.01

Notes:

(1). Above tariff does not include parameter setting or repair and maintenance of malfunctioning reefers.

(2). Pre-trip inspection of the reefer containers, and cleaning of containers are optional services and shall be rendered when requested by user.

(3). The charges prescribed above are also applicable to restow reefer containers.

SECTION - VIII

8. STORAGE CHARGES

Particular	Rate per container per day or part thereof					
	Foreign-going (in US$)			Coastal (in ₹)		
	Container not exceeding 20 feet in length	Container exceeding 20 feet in length and upto 40 feet length	Container exceeding 40 feet in length and upto 45 feet length	Container not exceeding 20 feet in length	Container exceeding 20 feet in length and upto 40 feet length	Container exceeding 40 feet in length and upto 45 feet length
Laden container						
i) First 3 days	Free	Free	Free	Free	Free	Free
ii) 8-15 days	6.70	13.40	20.07	291.83	583.63	875.39
iii) 16-30 days	13.40	26.77	40.18	583.58	1167.16	1750.74
iv) Thereafter	26.77	53.57	80.35	1167.21	2334.44	3501.65
Empty container						
i) First 3 days	Free	Free	Free	Free	Free	Free
ii) 4-10 days	6.70	13.40	20.07	291.83	583.63	875.39
iii) 11-15 days	13.40	26.77	40.18	583.58	1167.16	1750.74
iv) Thereafter	26.77	53.57	80.35	1167.21	2334.44	3501.65
Transhipment container - Laden						
i) First 30 days	Free	Free	Free	Free	Free	Free

ii) 31-45 days	13.40	26.77	40.18	583.58	1167.16	1750.74
iii) Thereafter	20.07	40.18	60.25	875.39	1750.79	2626.18
Transhipment container - Empty						
i) First 15 days	Free	Free	Free	Free	Free	Free
ii) 16-30 days	13.40	26.77	40.18	583.58	1167.16	1750.74
iii) Thereafter	20.07	40.18	60.25	875.39	1750.79	2626.18

Notes:

(1). (a). Storage period for an import container shall be reckoned from the day following the day of landing upto the day of loading / delivery / removal of container.

(b). Storage period for export container starts from the date containers enters the terminal.

(2). For the purpose of calculation of free period Customs notified holidays and terminal’s non-working days shall be excluded.

(3). Transhipment containers whose status is subsequently changed to local FCL/LCL/ICD shall lose the concessional storage charges. The storage charges for such containers shall be recovered at par with the relevant import containers storage tariff.

(4). Normal import containers subsequently changing the mode of dispatch to rail will enjoy the free period applicable to normal import containers only.

(5). The total storage period for a shutout container shall be calculated from the day following the day when the container has become shutout till the day of Shipment / delivery.

(6). For over high and over dimensional containers, the storage charge shall be based on the actual number of ground slots the respective container occupies under the respective slab as given above.

(7). For hazardous container, the storage charges shall be 25% more under the respective slab as given above.

(8). The users will not have to pay storage charges for the period during which IGTPL is not in a position to deliver/ ship the containers when requested by the users.

(9). The storage charges on abandoned FCL container / shipper owned containers shall be levied upto the date of receipt of intimation of abandonment in writing or 75 days from the day of landing of the container, whichever is earlier subject to the following conditions:

(i). The consignee can issue a letter of abandonment at any time.

(ii). If the consignee chooses not to issue such letter of abandonment, the container Agent / MLO can also issue abandonment letter subject to the condition that,

(a). the Line shall resume custody of container along with cargo and either take back it or remove it from the port premises; and

(b). the line shall pay all port charges accrued on the cargo and container before resuming custody of the container.

(iii). The container Agent / MLO shall observe the necessary formalities and bear the cost of transportation and destuffing. In case of their failure to take such action within the stipulated period, the storage charge on container shall be continued to be levied till such time all necessary actions are taken by the shipping lines for destuffing the cargo.

(iv). Where the container is seized / confiscated by the Custom Authorities and the same cannot be destuffed within the prescribed time limit of 75 days, the storage charges will cease to apply from the day the Custom order release of the cargo subject to lines observing the necessary formalities and bearing the cost of transportation and destuffing. Otherwise, seized / confiscated containers should be removed by the line/ consignee from the port premises to the Customs bonded area and in that case the storage charge shall cease to apply from the day of such removal.

SECTION - IX

9. MISCELLANEOUS CHARGES

S. No.	Particulars	Rate per Container (in ₹)	
		Not exceeding 20' in length	**Exceeding 20' in length and upto 40' in length**
(i).	Fixing/ removal of seal	247.98	247.98
(ii).	Additional service charge for stacking containers in the designated yard for customs examination or for any other purpose, by prior arrangement.	247.98	371.98
(iii).	Charges for shifting within the Terminal for customs examination or any other purpose and subsequent loading of containers for delivery with Prior arrangement with user.	2324.87	3487.93
(iv).	POD / Vessel Change	3099.84	4649.75
(v).	Change of status / weight of Container	3099.84	4649.75
(vi).	Fixing/removal of Hazardous Sticker (per container)	247.98	247.98
(vii).	One Door Open Charges(per container)	1239.92	1239.92
(viii).	Cancellation of documents (per EIR)	124.00	124.00
(ix).	Non-declaration / Mis declaration of Hazardous containers	3719.79	3719.79
(x).	On- Wheel Customs inspection (per container)	743.97	743.97
(xi).	Sending Containers survey report/Photo at Gate through electronic process (per container)	495.97	495.97
(xii).	Weighment Charges	250.00	375.00

Notes:

(1). Cancellation charges applies when EIR is cancelled at the request of customers.

(2). "One Door Open" charge is applicable for handling container which requires only one door to be kept open (e.g. Onion) and when door opening and securing is carried by the terminal.

(3). "Fixing of Seal" - Bottle seals shall be fixed on every container arriving at the terminal - by rail /road/sea without a proper bottle seal on it, prior to allowing its entry. This shall be done without the written consent of the shipping line. The list of such containers on which a seal is affixed by the terminal shall be intimated to the lines. Seal charges will be applicable for removal of seals also.

(4). "Fixing / removal of Hazardous Sticker" - Hazardous stickers indicating IMCO class only shall be affixed on a container carrying hazardous cargo. Similarly old stickers on the container shall be removed from a container carrying non-hazardous cargo. In either case, the customer has to intimate in writing to IGTPL to undertake the said activity, within the terminal.

(5). On-Wheel Customs inspection - The on-wheel inspection of a container shall be allowed at the nominated point only, on the written request of the customer. The container doors can be opened only under customs supervision. No stuffing/ destuffing, even partially, shall be permitted within the terminal premises.

(6). Non- Declaration / Mis-declaration of Hazardous container- The Customer has to declare the hazardous nature of the cargo as per the IMCO rules and furnish the relevant hazardous details to IGTPL. The above charges are only for non-declaration/mis-declaration of the hazardous nature of the container. The liabilities and cost towards the consequences arising due to non declaration or mis-declaration shall, however, be on the customers account.

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SUMMARY OF THE COMMENTS RECEIVED FROM THE PORT USERS / DIFFERENT USER ORGANISATIONS AND ARGUMENTS MADE IN THIS CASE DURING THE JOINT HEARING BEFORE THE AUTHORITY.

TAMP/81/2015-IGTPL	**:**	**Proposal received from India Gateway Terminal Private Limited (IGTPL) for general revision of its Scale of Rates (SOR) under Tariff Policy Guidelines, 2005.**

The summary of the comments received from the users/ user organizations, COPT and reply furnished by IGTPL thereon are summarised below:

<table>
<tr><th>Sl. No.</th><th>Comments of the users/ user organizations</th><th>Comments of IGTPL</th></tr>
<tr><td>1.</td><td>Cochin Port Trust (COPT)</td><td></td></tr>
<tr><td>(i).</td><td>The validity of the prevailing Tariff Order for ICTT operated by the IGTPL, approved vide TAMP/25/2008-IGTPL dated 05.08.2009 and notified vide G No. 142 dated 11.08.2009, ended on 31.12.2015.</td><td>This is a statement of fact.</td></tr>
<tr><td>(ii).</td><td>The TAMP, at the request of the IGTPL as well as on its own, had applied the principles of 2004 and 2008 Guidelines for the aforesaid Tariff Order on ICTT.</td><td>The Order records in details the deliberations done with regard to the application of 2008 & 2005 guidelines and proposed applicability of tariff increase in line with 2008 guidelines to minimize significant increase in 2010. For the purpose of setting, tariff principles of 2005 guidelines were made applicable.</td></tr>
<tr><td>(iii).</td><td>The IGTPL had then specifically requested to determine the tariff for ICTT operations on a normative basis over a long term period in conformity with the 2008 Guidelines. The IGTPL had then argued that since the ICTT operations are commencing post 2008 Guidelines, the normative approach prescribed in the said Guidelines may be considered in its case. It had also submitted that the normative tariff will be lower in comparison to the tariff fixed following the usual cost plus method which will benefit the trade and impart stability and provide a conducive environment to negotiate long term contracts.</td><td>IGTPL had proposed the application of 2008 guidelines as mentioned above. The Order records in details the deliberations done with regard to the application of 2008 & 2005 guidelines and manner in which the cost plus method was determined to be made applicable. If 2008 guidelines were followed, a tariff increase at 60% of WPI would be applicable in future years without undergoing any review. TAMP may advise us if the application has to be under 2008 guidelines.</td></tr>
<tr><td>(iv).</td><td>The Optimal Terminal Capacity for the ICTT is considered at 11,95,740 TEUs in the above Tariff Order.</td><td>The optimal capacity was determined at 11, 95,740 on the basis of the Quay capacity being the limiting factor since additional ground slots could be created depending on need. The Order also records that IGTPL had proposed to commence operations with 2000 ground slots. The actual ground slots created was 2446 which can handle 3,43,381 TEUs and these have been adequate to handle volumes till date. Hence it is not correct that terminal capacity was considered at 11,95,970 TEUs throughout the tariff cycle.</td></tr>
<tr><td>(v).</td><td>The IGTPL had projected the following Traffic for the then Tariff Proposal.
Projected Traffic (TEUs)
<table>
<tr><td>2010</td><td>2011</td><td>2012</td><td>2013</td><td>2014</td><td>2015</td></tr>
<tr><td>4,78,000</td><td>5,88,000</td><td>6,84,456</td><td>7,52,902</td><td>8,28,192</td><td>9,11,011</td></tr>
</table></td><td>This is statement of fact</td></tr>
<tr><td>(vi).</td><td>But, the realized Traffic has been a fraction of the Projected Traffic as under, implying the utilization of only 31% of the capacity.
Realized Traffic (TEUs)</td><td>The stated actual volumes are correct, except in the period Apr-Dec 2015 the volume is 306,264.The statement that utilization is only 31% of capacity is not correct .As mentioned</td></tr>
</table>

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<table>
<tr><td>2010</td><td>2011</td><td>2012</td><td>2013</td><td>2014</td><td>2015</td></tr>
<tr><td>3,12,189</td><td>3,37,053</td><td>3,34,925</td><td>3,46,204</td><td>3,66,376</td><td>3,06,324
(Apr-Dec)</td></tr>
</table>
</td>
<td>the terminal was commenced with 2446 ground slots and this has a capacity of 3,43,381 TEUs, thus the terminal is operating at capacity presently.</td>
</tr>
<tr>
<td>(vii).</td>
<td>The IGTPL, in the current Tariff Proposal has furnished much lower Traffic Projections as under.
Projected Traffic (TEUs)
<table>
<tr><td>2016</td><td>2017</td><td>2018</td></tr>
<tr><td>4,71,300</td><td>5,54,400</td><td>6,22,600</td></tr>
</table>
</td>
<td>In the current tariff proposal, IGTPL has furnished lower traffic projections as compared to the traffic projections given in 2009. The present traffic projections have been given on the basis of the current market scenario and historical volume growth in South India. It should be noted that the Year in Year growth taken for the traffic projections ranges from 13% to 18%, whereas the historic volume growth in South India has been from 0% to 8%. In spite of low expected growth IGT has projected an increase in excess of 60% over three years.</td>
</tr>
<tr>
<td>(viii).</td>
<td>Cochin Port is of the considered view that one of the critical reasons for non-realization of volumes at ICTT is the exorbitant Terminal Handling Charges (THC) levied by the IGTPL. A comparison of the THC reveals this clearly.
Comparative THC (Notified) for Foreign EXIM Containers (US$)
<table>
<tr><td rowspan="2">Size &Type</td><td colspan="3">Comparative THC (US$)</td><td colspan="2">Other Port THC as a % of Cochin</td></tr>
<tr><td>Cochin</td><td>Tuticorin (DBGT)</td><td>Chennai (DPW)</td><td>Tuticorin (DBGT)</td><td>Chennai (DPW)</td></tr>
<tr><td>20' Laden</td><td>93</td><td>51</td><td>36</td><td>54</td><td>38</td></tr>
<tr><td>40' Laden</td><td>140</td><td>76</td><td>54</td><td>54</td><td>38</td></tr>
</table>
The Exchange Rate used for converting the INR rates into US$ is Rs.66/US$.</td>
<td>Cochin Port has clearly indicated that it is its view that reason for lower volume is THC charged. IGT disagree to that view. The overall growth for the period 2011-12 to 2014-15 has been 15% for ICTT whereas the South Indian market has grown by 11%. The Terminal Handling Charges (THC) at Cochin are as prescribed in the Scale of Rates approved by TAMP. The THC mentioned of Chennai & Tuticorin are not entirely accurate, however the THC at Cochin is higher than the terminals at Chennai & Tuticorin. Most factors for slow growth of ICTT are attributable directly to COPT, as it failed to complete in time many of its contractual obligations and for which the parties are currently in arbitration. It should be noted that the actual charge of this THC by the shipping lines are much higher. It should be noted that draft of 13.5 mtrs was made available only in Dec 2012 (i.e., nearly 2 years from start of terminal services) and draft of 14.5 mtrs was made available only in April 2013. The relaxation of cabotage was made applicable from Dec 2012 however clarity on the customs procedures were known only much later. Non realization of volumes are also influenced by growth of capacities at Colombo and poor feeder connectivity due to comparatively higher VRC.</td>
</tr>
<tr>
<td>(ix).</td>
<td>The IGTPL, in its current Tariff Proposal, at Annex 2, has stated that the existing Container Yard has the capacity to handle 3,43,381 TEUs, which in IGTPL's opinion is commensurate with the Traffic. This is planning for curtailing growth, when the IGTPL had earlier submitted to the TAMP that the Quay Line is the limiting factor, and additional ground slots can be created depending on need.</td>
<td>IGTPL has in the Ann 2 mentioned that "The existing container yard area i.e. 2446 ground slots have a capacity to handle 3, 43,381 TEUs (refer Ann 4 for calculations), this has been adequate and commensurate with the traffic for the period 2010 to 2015." The Proposal has included CAPEX for construction of yards as below

Year 2016-17- Construction of 444 Ground Slots
Year 2017-18- Construction of 444 Ground Slots
Year 2018-19- Construction of 222 Ground Slots</td>
</tr>
</table>

<table>
<tr><td></td><td></td><td>CAPEX are being planned in a phased manner so as to put minimum burden on trade due to its effect on tariff revision.

Further it is projected that from the current volumes of about 3,06,264 TEUs it is estimated that the volume will grow to 6,22,600 TEUs. It is therefore submitted that there is no “planning for curtailing growth”.</td></tr>
<tr><td>(x).</td><td>Again, at Annex 2 of the current Tariff Proposal, IGTPL has stated that as per the License Agreement between COPT and IGTPL, the company is required to offer Transhipment Tariff which is competitive with other transhipment ports, and that their present realizations on transhipment containers are below Tamp Tariff. COPT submits before the Hon’ble Authority that this is contrary to the provisions of the License Agreement, which requires that the Tariff is competitive with respect to the neighbouring ports. Therefore, the submission of IGTPL that they are required to be competitive only in Transhipment Tariff, is violative of the License Agreement. The relevant clause of the License Agreement is reproduced below.
“4.2 TARIFF FIXATION The Parties agree that, subject to Applicable Laws including approval of the competent authority, the Tariff are competitive vis-à-vis international container transshipment hubs and major competing ports in the region”.</td><td rowspan="3">Article 4.2 of the License Agreement is a good faith clause applicable to both parties of the License Agreement and is in no way connected to Tariff Fixation by TAMP. We are submitting application for fixation of Tariff as per TAMP guidelines before the Authority and the Authority has to determine the Tariff as per the terms of the applicable guidelines and not as per the terms of Licence Agreement. Moreover, the Tariff fixed by TAMP is the ceiling limit and for attracting customers we are offering discounts to Transshipment as well as OD Cargo also. It is well established that TAMP only fixes the ceiling of the tariff based on the TAMP guidelines alone. Even the license agreement under clause 4.1 clearly states the same. We are attaching herewith the opinion taken on the subject matter from Economic Law Practice, Advocates & Solicitors.

Further it may be recalled that in the earlier application for ICTT tariff fixation made in 2008/2009, IGTPL had proposed to levy berth hire charges since the berth was constructed by IGTPL. COPT had disputed the same. TAMP had then advised “The COPT and IGTPL are advised to resolve isssues between themselves in the manner provided in the License agreement” Hence even in past TAMP has left the differences in interpretation of clauses in the license agreement to be resolved between the parties and orders were passed based on the applicable guidelines.
The 85% rebate enables the VRC to be comparable with Colombo, in case where the rebate is less than 85% the marine charges are much higher in comparison.</td></tr>
<tr><td>(xi).</td><td>Further, it is totally ineffective to be competitive in Transhipment Tariff alone, when the ICTT has so little Transhipment Traffic; as low as 5% of the Total Traffic as revealed below. It is highly relevant to be competitive in OD cargo that forms 95% of the Total Traffic.
Transhipment Traffic at ICTT<table><tr><th>Year</th><th>Transhipment Traffic (TEUs)</th><th>Total Traffic (TEUs)</th><th>Transhipment Traffic as a % of Total Traffic</th></tr><tr><td>2015 (Apr-Dec)</td><td>14,875</td><td>3,06,324</td><td>5</td></tr><tr><td>2014</td><td>18,897</td><td>3,66,376</td><td>5</td></tr><tr><td>2013</td><td>7,411</td><td>3,46,204</td><td>2</td></tr><tr><td>2012</td><td>27,193</td><td>3,34,925</td><td>8</td></tr><tr><td>2011</td><td>17,007</td><td>3,37,053</td><td>5</td></tr></table></td></tr>
<tr><td>(xii).</td><td>COPT grants considerable rebates in VRC to container ships to promote the ICTT. The COPT grants 85% rebate in VRC to the 4 Mainline Services that call at the ICTT. Also, 50% rebate in VRC is granted to Container Vessel Services other than Mainline Services to foreign destinations, not confined to Colombo, and not connecting Cochin and Colombo, either directly or via Tuticorin. Further, 30% rebate in VRC is granted to Container Vessel Services, other than Mainline Services, between Cochin and the Middle East, double-dipping weekly at Cochin. The quantum of rebates granted in VRC over the years for promoting ICTT is presented below. It may be seen that the rebates granted in VRC amounted to more than</td></tr>
</table>

<table>
<tr><td></td><td>50% of the notified Tariff, resulting in CoPT earning a net VRC income that is less than the quantum of rebates granted; all this for being competitive with respect to the ports in the region to promote ICTT.
ICTT - Rebate Granted in VRC and Net Income
<table>
<tr><th>Year</th><th>Traffic (TEUs)</th><th>Rebate Granted in VRC (Rs. Crores)</th><th>Net Income from VRC (Rs. Crores)</th></tr>
<tr><td>2014-15</td><td>3,66,376</td><td>29.24</td><td>29.16</td></tr>
<tr><td>2013-14</td><td>3,46,204</td><td>33.48</td><td>26.53</td></tr>
<tr><td>2012-13</td><td>3,34,925</td><td>26.42</td><td>23.09</td></tr>
<tr><td>2011-12</td><td>3,37,053</td><td>14.04</td><td>18.38</td></tr>
</table></td><td></td></tr>
<tr><td>(xiii).</td><td>Apart from granting such rebates, the maintenance of 14.5 m draft at the ICTT has shot up the Maintenance Dredging expenditure of COPT considerably. In fact, COPT incurs ₹20 Crores per annum as incremental Maintenance Dredging expenditure for deepening up to 14.5 m draft from the normally maintained draft of 13.5 m for the lone Mainline Container Vessel Service that calls at a draft up to 14.5 m, but without any commendable volumes. The CoPT also grants 85% rebate in VRC to the said Mainline Service towards being competitive. But, such expenditure on Maintenance Dredging and the revenue foregone due to rebates in VRC have so far been without any meaningful returns with such low volumes at ICTT.</td><td>Dredging is a contractual obligation of COPT, hence not relevant to the discussion on tariff revision of ICTT.</td></tr>
<tr><td>(xiv).</td><td>CoPT is of the view that volumes at ICTT can grow only if competitive Tariffs are ensured. The ICTT has been envisaged with three distinct roles; a Hub Port for Transshipment, a Regional Terminal and a Sub Continental Gateway; promoting Regional and Hinterland cargo through competitive Tariff is a prerequisite for attracting Transshipment cargo.</td><td>ICTT has been envisaged primarily as a Transshipment hub, this has been endorsed by CoPT This has been recorded in the earlier TAMP Order- ref (xx)(a) which mentions " Even the Cochin Port Trust has agreed that ICTT operations is primarily to develop it as a transshipment hub…". Further the tariffs decided by TAMP are ceiling rates and the operator and port can decide the actual charge of their respective tariff.</td></tr>
<tr><td>(xv).</td><td>In the light of the above, CoPT requests the Hon'ble Authority to review the Tariff Proposal submitted by the IGTPL for the operation of ICTT, and not to allow the hike in the Tariff sought. The CoPT, further requests the Hon'ble Authority to impress upon the IGTPL to reduce their Proposed Tariff by at least 30% before approval so that the THC at ICTT is competitive with that of the ports in the region.</td><td>We have submitted our proposal based on the applicable Guidelines and request the Authority to accordingly review the proposal.</td></tr>
<tr><td>2.</td><td>Cochin Custom House Agents Association (CCHAA)</td><td></td></tr>
<tr><td>(i).</td><td>The base rate fixed at the initial stage of commencement of IGTPL in 2011 itself was very high, which was objected by all the stake holders, Besides this TAMP have approved an yearly increase of 3.48% in the THC at IGTPL, which they are increasing every year without fail. Infact even at the present rate Cochin is having the highest THC when compared to the neighboring ports.</td><td>The tariff and annual increases of ICTT has been fixed by TAMP as per applicable guidelines. These have been followed by IGTPL.</td></tr>
</table>

(ii).	Few months back IGTPL had given a proposal to reduce the free period from 7 days to 3 days at the terminal which was approved by the TAMP keeping aside the strong objection from all the stakeholders. The result of reduction in free period is again the hike in the transaction cost per container. IGTPL in their previous proposal had mentioned that there is congestion at the terminal, which is totally false. At ICTT there is no congestion at all, only 25% of the total space is utilized for storing containers. IGTPL vide their Trade Notice dated 24 December 2015 has given free time 14 days for raw cashews and 10 days extended free time for the export laden containers through mainline vessels calling at ICTT on weekly schedule, which is contradictory to their statement mentioning congestion at the terminal.	In our letter dated 29th May 2015 to the Authority, we have explained that increase in yard efficiency by increased stack utilization has enabled IGTPL to enhance the yard capacity .However the high dwell days was eroding this increased yard capacity, hence the request was made to reduce the free dwell days . Cashew imports have been a traditional seasonal industry in Kerala and considering the specific industry requirement, IGTPL has supported by offering extended dwell time of 14 days for cashew containers. Similarly an extended dwell time of 10 day for export containers through Mainline vessels is to support the exporter fraternity to use direct vessel connectivity to their destinations. These measures are as per trade requests and to attract additional cargo.
(iii).	Even though there are permitted free days at the Terminal, the Trade is not allowed to use that also. There are many instances where the lines shift the containers to CFS's near to the Terminal prior to the filing of IGM. Any further revision in SOR is again seriously going to affect the Exim trade.	Movement of containers from the terminal yard is allowed based on the declarations given by shipping lines. The CCHAA may take up their concerns in this regard with the respective Shipping Line/Association.
(iv).	Hence, CCHAA requested not to approve the proposal of IGTPL for the revision in SOR and also to reinstate the free period of 7 days at the terminal.	We have submitted our proposal based on the 2005 Guidelines request the Authority to accordingly review the proposal.
3.	**Cochin Steamer Agents Association (CSAA) and Federation of Indian Coir Exporters Association (FICEA)**	
(i).	From a comparison of the projections of the traffic made by IGTPL in 2009 for the period 2010 to 2015 for considering the Tariff fixation proposal and the actual traffic achieved for the above period, it may be noticed that the actual realization is only in the region of about 31 % of the projections.	This is correct. Detailed reply on the factors contributing to non realization of projections are given in the replies below.
(ii).	One cannot deny the fact that at the time IGTPL made the projections in 2009, due care and diligence must have been exercised in arriving at the estimates based on the realistic assessment of the potential for generating such traffic. IGTPL needs to make an assessment why they were not able to achieve the projected traffic and the trade cannot be blamed or made responsible for this under performance by passing on the burden thereof by IGTPL to the trade.	The projections are made based on global economic and market conditions, Government policies etc. Most of these factors are variable and beyond individual control. Further consequent to the downturn in the shipping industry in 2008 the volumes have dropped, for the period 2011 to 2015 the All India container growth is an average 7% and South India container growth is at average 5%. The Terminal Handling Charges (THC) at Cochin are as prescribed in the Scale of Rates approved by TAMP. The applicable submitted by IGT in line with tariff setting guidelines, 2005.
(iii).	In a free market goods for export will move to the cheapest port and hence one comes to the irresistible conclusion that the non-realization of the projected traffic is only due to diversion of the traffic to other ports which offer the same service at a much cheaper tariff especially by way of THC.	Whilst THC at Cochin is higher than the terminals at Chennai & Tuticorin, it should be noted that the actual charge of this THC by the shipping lines are much higher. It should be noted that draft of 13.5 mtrs was made available only in Dec 2012 (i.e. nearly 2 years from start of terminal services) and draft of

(iv).	Major diversion of traffic has taken place to Tuticorin (PSA) and Chennai (DPW) since their THC rates are substantially cheaper and is only 54 % and 38 % respectively of that of IGTPL, Cochin.	14.5 mtrs was made available only in April 2013. The relaxation of cabotage was made applicable from Dec 2012, however, clarity on the customs procedures were known only much later. Non realization of volumes are also influenced by growth of capacities at Colombo, poor feeder connectivity due to comparatively higher VRC, low South Indian market growth of 0% to 8%,border checkpost bottlenecks, non-availability of CFS also other cost factors outside IGTPL control but influencing the shipper/consignees decision on which port to use .The original projections given are estimates based on multi fold factors as mentioned above .Any delay/absence of any of these would have an impact on achieving the estimated volume . It is also surprising that the Steamer Agents who represent the Shipping Lines who actually move the containers, view bringing of volumes to ICTT as the "entirely the responsibility" of IGTPL. The Tariff fixed by TAMP is the ceiling limit and for attracting customers IGTPL are offering discounts to Transshipment as well as OD Cargo also. It is well established that TAMP only fixes the ceiling of the tariff based on the TAMP guidelines alone.
(v).	Any further increase of the tariff at IGTPL will only increase the migration of traffic to Tuticorin and Chennai resulting in further depletion in the revenue earning possibility of IGTPL. It is therefore of paramount importance that every effort must be made by IGTPL to increase the traffic at Cochin without increasing the already excessively high tariff being charged presently.	
(vi).	It may be noted that IGTPL in the statements submitted for consideration of the revision in the tariff, have not identified the real reason for their underperformance which is low traffic due to faulty marketing of the services of IGTPL which have substantially decreased, by almost 50 % of the projection of the traffic when compared to the projections for 2010 to 2015, and thereby tried to by adopting the method of Absorbtion Costing made a claim for substantial increase in the tariff. This method of working will definitely price IGTPL out of the market and will in turn result in further fall in the traffic at IGTPL. This is just counter productive and self-destructive.	
(vii).	In this context it may be pertinent to note that in the original projections, the ratio of Inbound/Outbound, Transshipment and Coastal traffic was 60 %, 25 % and 15 % respectively. One of the main objectives of the IGTPL was to offer the services as a Transshipment Terminal as the very name International Container Transshipment Terminal (ICTT) suggests and the responsibility for getting this volume of business was entirely the responsibility of the promoters of IGTPL. Against the projection of 25 %, what has been really achieved during the years 2011 to 2015 was as low as 2% and a maximum of 8%. Had IGTPL fulfilled its obligation of bringing in the 25 % volume of Transshipment Traffic, the revenues of IGTPL would have been so much higher.	
	The following comments are only of CSAA	
(viii).	It is also noted that in the computation of the – Summary of Surplus / (Deficit) in actual Returns as per Audited Accounts and Permissible return- in Annexure 7 and detailed working in form 7, there is a COMPUTATIONAL ERROR in so far as the ICTT Deficit for the period April – December 2015 has been computed by taking the ROCE at 16% of the Capital Employed of ₹ 73,681 lakhs for the whole year at ₹ 11,788.96 whereas it ought to have been only for the nine months period amounting to ₹ 8841.72 lakhs resulting in an overstatement of the deficit by 2947.24 lakhs.	CSAA has correctly pointed out that the ROCE for the period Apr-Dec 2015 should be taken at 9 months instead of the whole year, the deficit may be reduced by ₹ 2947.24 lacs as stated.
(ix).	It is also noticed in Annexure 8 – Cost Statement of International Container	IGTPL tariff is determined by The TAMP under the 2005 guidelines. The guidelines prescribe

<table>
<tr>
<td></td>
<td>Transshipment Terminal under Cost Plus Method - The deficit of the period December 2009 to December 2015 aggregating to ₹ 240.810 Crores has been factored in as an expenditure to be recovered from trade in future by way of increase in tariff, This is totally unreasonable and illegal, in so far as the past deficit, if any, is now sought to be recovered from the trade who will constitute a totally different segment when compared to that during which the deficit, if any, was incurred.</td>
<td>the methodology and manner of arriving at the permissible tariff. Under these guidelines the surplus or deficit of the earlier tariff cycle is permitted to be setoff while revising the tariff. Therefore the contention of CSAA that the adjustment of past deficit is illegal is not correct.</td>
</tr>
<tr>
<td>(x).</td>
<td>It may also be noticed that the Maximum Permissible ROCE as per Sr No. XII to Form 5A is as under;
(a). On Business Assets 15.00%
(b). On Business Related Assets 6.35%
In all the computation submitted by IGTPL, they have not disclosed the value of the Business Related Assets which are entitled to a lower ROCE thereby claiming a higher ROCE on Business Related Assets. Further, they have charged ROCE at 16% instead of the maximum permitted ROCE of 15% which itself is exercise.</td>
<td>CSAA has contended that the computations submitted by IGTPL do not disclose the value of Business Related Assets .These assets are as defined under Form 4- “ Assets created for supporting business i.e. Hospitals, Schools etc.”, since IGTPL does not have any asset in this category , there is no disclosure required in the computations. Further CSAA have pointed out that 16% ROCE has been charged instead of the permitted ROCE of 15%, it is submitted that the current approved ROCE is 16% and the same has been used in the computations.</td>
</tr>
<tr>
<td>(xi).</td>
<td>The ROCE at 15% is the Maximum Permitted ROCE and that itself does not entitle IGTPL to claim that as an eligible ROCE.</td>
<td rowspan="3">CSAA has opined that the ROCE has to be determined on basis of industry norms and the global performance of DP World should be taken as eligible ROCE for IGTPL. It is submitted that the permissible ROCE is determined by TAMP as per the guidelines. Also CSAA submission that returns in excess of ROCE recommended by CSAA be settled by Government of India out of its own fund is not in accordance with the existing guidelines. The Authority may appropriately advise the CSAA.</td>
</tr>
<tr>
<td>(xii).</td>
<td>ROCE has to be determined on the basis of Industry Norms and the Global performance of DPW giving an Arms Length Benchmark of the reasonable ROCE in order to ensure that the working of the IGTPL would give them a REASONABLE ROCE.</td>
</tr>
<tr>
<td>(xiii).</td>
<td>A copy of the data sourced from the Home Page of DP World available on the public domain. The data in US $ Millions is as under:

Ratio of Profit on Assets Employed
<table>
<tr><th></th><th>2014</th><th>2013</th><th>2012</th><th>Aver age</th></tr>
<tr><td>Profit for the year (USD-M)</td><td>782.1</td><td>721.8</td><td>816.5</td><td>N.A.</td></tr>
<tr><td>Total assets Employed (USD-M)</td><td>17904.7</td><td>16760.5</td><td>16337.2</td><td>N.A.</td></tr>
<tr><td>Return on Assets Employed (%)</td><td>4.37</td><td>4.31</td><td>5.00</td><td>4.56</td></tr>
</table>

Ratio of Return on Capital Employed
<table>
<tr><td>2014</td><td>2013</td><td>2012</td><td>Average</td></tr>
<tr><td>7.1</td><td>6.7</td><td>6.8</td><td>6.87</td></tr>
</table>
</td>
</tr>
</table>

<table>
<tr><td>(xiv).</td><td>From the data available above, it is very clear that the ROCE that IGTPL is eligible to claim should be restricted to the mean of the above two average ratio, i.e. 4.56 and 6.87 resulting in a permissible Average ROCE of 5.72 only order to be equitable to the trade and the development of the ICTT operated by IGTPL and without any detriment to them taking into account their Global Performance Benchmarks.</td><td rowspan="2"></td></tr>
<tr><td>(xv).</td><td>It is further submitted that:
(a). The tariff presently charged by IGTPL is excessive and must be “reduced to give them a ROCE of 5.72 which is comparable to their Global Operational Result as revealed in their own financials and which will not in any way adversely affect DPW – Cochin Operation.
(b). A proper Business Plan must be implemented to substantially increase the revenues of IGTPL by increasing the volume of traffic by better utilization of available facilities, an aggressive marketing of the terminal and offering very competitive rates of tariff and thereby making IGTPL the First Choice Terminal.
(c). Not to cast any burden on the trade and kill the industry which is already under pressure to survive due to the various economic situations prevailing internally and globally,
(d). Any compensation to IGTPL by way of ROCE above 5.72% be not extracted from the trade but settled by the Government out of its funds in accordance with any bilateral agreement ,if any.</td></tr>
<tr><td>(xvi).</td><td>Consider all the above indicated points which have tabled and critically analyze the financial supporting which DPW has furnished to substantiate their Tariff revision request prior to giving recommendation on the said proposal.</td><td>We have submitted our proposal based on the applicable Guidelines and request the Authority to accordingly review the proposal.</td></tr>
<tr><td>4.</td><td>Tata Global Beverages Ltd (TGBL)</td><td></td></tr>
<tr><td>(i).</td><td>The details of export/imports by TGBL through COPT in the last six years are shown below for reference.
<table>
<tr><th>Year</th><th colspan="2">Export</th><th>Import</th><th>Total Throughput</th></tr>
<tr><td></td><td>MT</td><td>TEU’s</td><td>TEU’s</td><td>TEU’s</td></tr>
<tr><td>2010-11</td><td>4318</td><td>1110</td><td>390</td><td>1500</td></tr>
<tr><td>2011-12</td><td>4043</td><td>1003</td><td>318</td><td>1321</td></tr>
<tr><td>2012-13</td><td>3535</td><td>928</td><td>298</td><td>1226</td></tr>
<tr><td>2013-14</td><td>3604</td><td>957</td><td>281</td><td>1238</td></tr>
<tr><td>2014-15</td><td>3813</td><td>1019</td><td>290</td><td>1309</td></tr>
<tr><td>2015-16</td><td>4000</td><td>1197</td><td>290</td><td>1487</td></tr>
</table>
Switching from RGCT, Willingdon Island to ICTT, Vallarpadam has adversely affected TGBL’s business and following are few of the key issues faced by TGBL:
(a). There has been an increase of around 65% in THC and other related costs, which has an additional monetary impact of ₹ 55 lakhs on TGBL’s business.</td><td>Our submission is that over the years there have been all round increase in costs. The Terminal Handling Charges (THC) and free days at Cochin are as prescribed in the Scale of Rates approved by TAMP.

We have submitted our proposal based on the applicable Guidelines and request the Authority to accordingly review the proposal.</td></tr>
</table>

	(b). TGBL is also incurring additional cost due to reduced free period mainly because of delay in receipt of documents from the Overseas suppliers like Sri Lanka etc. with shorter transit time, holidays and delay in clearance etc. Further, reduction in free time will definitely attract additional detention/demurrage charges having further adverse effect on TGBL's business.	
(ii).	Any initiative in increasing THC charges and reduction in free period for import/ export containers will ultimately result in increase in the product cost, which will make TGBL's product un-competitive in the International markets, resulting in reduction of export volume affecting foreign exchange reserves to country.	
(iii).	An uncompetitive pricing in the international market on account of adverse operating conditions at ICTT, Vallarpadam, will seriously impact on performance and continued existence.	
(iv).	TGBL requests to withdraw the proposal given by IGTPL and maintain the status quo to avoid additional burden to compete TGCL product in the International markets.	

2. The Coimbatore Custom House and Steamer Agents' Association (CCHSAA) vide its letter dated 29 January 2016 has furnished its comments as brought out below. The IGTPL has not responded to the comments of CCHSAA till finalization of this case.

(i). The volume is considerably increasing according to their statistical information passed on to the trade during their open house meetings with various forums and per their statements, while the volumes are increased, the total revenue also increases automatically.

(ii). Handling Tariff at DP WORLD, Cochin are the costliest tariff compared to all South Indian Terminals which was highlighted several times.

(iii). CCHSAA and their members are having the option of using Cochin, Chennai and tuticorin terminals for shipping export or import, considering the proximity, service availability to a particular sector of destination, majority of the containers are routed through Cochin port and all other sectors are routed through other terminals which make their business internationally uncompetitive.

(iv). IGTPL on one side has represented TAMP to increase their scale of charges. On the other side, huge incentive agreements are being signed with exporters at our region to maximize their volumes out of Cochin which itself shows that they are agreeing to the scale of rates applicable at IGTPL is huge.

(v). However, not all the exporters/ importers are given this facility, making few exporters in to trouble due to uncompetitive product rates with their buyers internationally.

(vi). Knowingly that the incentive is a big expense for the operator, insisting for increase in tariff charges and introducing big incentive is not justifiable in terms of their revenue and targets.

(vii). Utilization of the facilities are not properly looked into by understanding the market studies and one of the main complaint from the trade forums with is the PRESENT TERMINAL HANDLING CHARGE at IGTPL is very high compared to all other terminals.

(viii). Increasing THC and then paying few shippers a portion of that could be like FMCG good sales where the price is hiked and attractive discounts are offered as an enticement.

(ix). Though Cochin is 200 KMS away Coimbatore, why containers are routed through Tuticorin and Chennai is only because of existing higher charges at IGTPL. We are forced to divert cargo via Tuticorin and Chennai that just 200 kms which actually help to reduce the additional expenses on truck/ train.

(x). CCHSAA are also attaching herewith newspaper reports for the past one year (few numbers) wherein the entire industries were complaining about the scale of rates already charged by IGTPL

If their tariff rates are justifiable to the trade, why the throughput is not increasing to the targeted level of traffic for several years. Reason is simple-HIGH TARIFF.

(xi). Based on the above facts and genuine reasons, CCHSAA strongly opposes the move for proposed increase which will hit the international business out of Coimbatore and our members can't accept any increase in scale of rates with approval of TAMP authorities.

CCHSAA also appeals to TAMP good selves to include their association for attending personal hearing on behalf of the trade and industry at Coimbatore and Tirupur.

3. A joint hearing in this case was held on 07 June 2016 at the COPT premises. The IGTPL made a power point presentation of its proposal. At the joint hearing, the IGTPL, COPT and the concerned users / user associations have made the following submissions:

India Gateway Terminal Private Ltd. (IGTPL)

(i). Makes a brief power point presentation of its proposal.

(ii). Gross Crane moves / hour at RGCT was 15.87. At ICTT, it is 29.47 moves / hour. Vessel Turnaround time at RGCT was 30.1 hours which has reduced to 12.46 hours at ICTT. Vessels handled at RGCT were 371 which is increased to 599 to ICTT. Thus, ICTT has achieved operational efficiency in container handling.

(iii). Total loss incurred by us in previous period is ₹. 471.73 crores. Of this, we propose to recoup ₹ 241.78 crores in the current proposal.

(iv). Tariff increase of 6.98% in the existing tariff is proposed in the current proposal.

(v). The proposal is for revision from January 2016 to March 2019. Revision proposed is for 39 months so that comparison becomes easier.

(vi). It has been a challenging period for IGTPL. With combined efforts of trade and port, we have reached the present traffic level.

(vii). Container handling at RGCT was different. It had few equipment. ICTT is a new container Terminal with full fledge equipment. At ICTT, we have 6 QCs, 15 RTGs and other supporting equipment for container handling. Cost and tariff of RGCT cannot be compared with ICTT. ICTT tariff is comparable with tariff of new container terminals.

(viii). We will have to rework the tariff in view of recent Order of TAMP dated 26 May 2016 wherein the reinstatement in the coastal vessel/ container tariff to the prevailing dollar rate is kept in abeyance in pursuance of the direction from the Ministry.

(ix). THC of IGTPL is only one component. The charges collected by Shipping Lines include other charges.
[CCHAA : We refer to the THC of IGTPL only]

(x). We are strictly following guidelines.

(xi). We will submit clarification sought by TAMP.

Cochin Port Trust (COPT)
Chairman (I/c)

(i). We have given written comments. We reiterate it.

(ii). When we go for marketing, the reason cited by the trade is that the Terminal Handling Charges (THC) at IGTPL is highest in the region.

(iii). We use 1% of revenue share received from IGTPL for marketing efforts to attract container traffic at ICTT.

(iv). IGTPL productivity is highest amongst other container terminals.

(v). Existing tariff may be retained. It can be reviewed later.

Cochin Steamer Agents Association (CSAA)

(i). We have given written comments which may be considered.

(ii). With joint efforts of port, trade and IGTPL, we have been able to increase traffic at ICTT at the existing level.

(iii). IGTPL offers discounts in the existing tariff. This itself proves that they admit that their existing rates are high.

(iv). We request IGTPL to maintain current tariff for one year. Then the rate can be reviewed.

(v). With increase in volume, the operating cost per TEU will come down.

(vi). We seek clarification from IGTPL on coastal rates in view of recent Order passed by TAMP in pursuance of direction from the Ministry of Shipping (MOS).
[IGTPL: In pursuance of TAMP Order dated 26 May 2016 excess if any collected will be refunded to the trade from the date the said Order has come into effect.]

(vii). COPT offers discount on vessel related charges to attract vessel. This is appreciated.

(viii). We admit Service level at ICTT is good. Their own group company offer the same service at half the rate at Chennai.

Cochin Custom House Agents Association (CCHAA)

(i). When IGTPL appears to be in a loss, why should they carry on business?

(ii). Cochin Port is costlier port in comparison to neighbouring ports. So trade is affected.

(iii). Based on proposal of IGTPL TAMP had reduced free period of laden containers from 7 days to 3 days. There is no congestion at ICTT. Increase free period from 5 days to 14 days.

(iv). Do not increase the prevailing rates. To maintain the increasing trend of traffic observed in recent year, tariff should not be increased. There is a need to reduce the tariff. If tariff is reduced, volume will increase. IGTPL should attempt to increase volume instead.

The Seafood Exporters Association of India

(i). We are worst affected at existing and proposed rate.

(ii). THC are 300% higher than what it was when handled at RGCT.

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