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Tariff Authority for Major Ports

G No. 234 **New Delhi,** **7 August 2014**

NOTIFICATION

In exercise of the powers conferred by Section 48 of the Major Port Trusts Act, 1963 (38 of 1963), the Tariff Authority for Major Ports hereby disposes of the proposal received from the International Seaports (Haldia) Private Limited (ISHPL) for review of its Scale of Rates at Berth No.4A, Haldia Dock Complex of Kolkata Port Trust as in the Order appended hereto.

(T.S. Balasubramanian)
Member (Finance)

Tariff Authority for Major Ports
Case No. TAMP/72/2012-ISHPL

International Seaports (Haldia) Pvt. Ltd. - - - Applicant

QUORUM:

(i). Shri. T.S. Balasubramanian, Member (Finance)
(ii). Shri. C.B. Singh, Member (Economic)

O R D E R
(Passed on this 4th day of July 2014)

This case relates to the proposal received from International Seaports (Haldia) Pvt. Ltd. (ISHPL), a BOT operator operating berth No.4A of the Haldia Dock Complex (HDC) of Kolkata Port Trust (KOPT), for general revision of its Scale of Rates.

2. The existing Scale of Rates (SOR) of the ISHPL was last revised vide Order dated 19 January 2011 with a tariff validity upto 31 March 2013. This Order was notified in the Gazette of India on 06 April 2011 vide Gazette no. 74. Vide the said Order, this Authority had granted an increase of 11% in the then existing berth hire charges and had maintained status quo in the rates of other tariff items.

3.1. In exercise of the powers conferred by Sections 48, 49 and 50 of the Major Port Trust Act, 1963, this Authority had passed a Common Order in September 2008 refining/ clarifying certain areas of the approach/ practice followed in tariff setting exercise of major port trust and private terminals thereat. In the said Order, the major port trust and private terminals are, inter alia, required to file their tariff proposals by 30 June of the financial year in which tariff revision falls due. Since the review of the Scale of Rates of ISHPL fixed in January 2011 fell due in the financial year 2012-13, the ISHPL was required to submit its proposal for revision of its tariff by 30 June 2012.

3.2. Accordingly, the ISHPL was reminded in this regard vide our letter no.TAMP/39/2005-Misc dated 7 May 2012. Thereafter, in response to our another reminder dated 4 July 2012, the ISHPL vide its letter dated 23 July 2012 sought time upto 31 October 2012 to submit its proposal on the ground that it is in the midst of statutory audit and that major shutdown stabilization of operations has consumed management’s time and resources.

3.3. Based on the request made by the ISHPL, the operator was allowed time upto 31 October 2012 to file its proposal for general revision of its Scale of Rates.

4.1. In this backdrop, the ISHPL under cover of its letter dated 9 November 2012 has filed its general revision proposal. The main submissions made by the ISHPL in its proposal are summarised below:

(i). Traffic and revenue

(a). The ISHPL had taken a major shutdown of the facilities to carry out the repairs to the ship-unloaders during the year 2011-12 for the period from 15 December 2011 to 14 March 2012 which has resulted in drop in the actual capacity utilization. The actual volume handled during the year 2011-12 was 1.829 million tonnes.

(b). Based on the actual volume handled during first half of current year, the volume to be handled during 2012-13 is close to 2.3 million tons. Since this reflects the market position in terms of drop in demand, the same volume has been considered for the years 2013-14 to 2015-16.

(c). The berth capacity will also be affected by falling draught and lock gate restrictions/ limitations. The volume handled/ to be handled at Berth No. 4A will also be affected by the operations of Berth No. 2 & 8 of HDC which has been privatized taking substantial volume from Berth No.4A.

Also, HDC of KOPT has initiated a tender for operations of Mobile Harbour Crane at Berth No.4B which may reduce the throughput of Berth No. 4A.

(d). In view of not handling any coastal cargo during the first six months of the current year, it is assumed that only imported cargo will be handled during FY 2012-13. For the future years the ISHPL has taken the percentage as suggested by HDC during the previous review i.e. 35%, 45% and 45% for the years 2013-14 to 2015-16 respectively.

(ii). Operating expenditure

(a). The projected costs for the financial years 2013 to 2016 are based on current actual adjusted for volume and average inflation of 6.5% as specified in TAMP circular. For employee costs and labour related payments a higher inflation rate in line with what is demanded by the labour force in HDC is taken.

(b). Royalty has been considered as per license agreement based on the scale of rates prevailing at HDC.

(iii). Other points

(a). In line with the previous directives from TAMP, the surplus of earlier years has been considered while arriving at the net surplus going forward.

(b). For the purpose of arriving at the capital employed, the repairs expenses incurred on Ship un-loaders have been adjusted as a deferred expenses over a 7 year period in line with the directives given by TAMP in last review. The ISHPL has adopted a similar treatment for major maintenance like painting and other replacements which needs to be carried out once in 3 years.

(c). The ISHPL has considered only installation of high mast towers of ₹80 lacs in the F.Y. 2013-14 and stock yard extension of ₹350 lacs in the year 2014-15 in the capital expenditure. The DG set could not be capitalized during last year since most of efforts were directed towards the repairs to the ship un-loaders. It is expected that since the order was placed and work is getting completed during current year, the same will be capitalized in the current year 2012-13.

(d). In working capital, 70% of the dues from SAIL has been considered for 15 days as Debtors outstanding. It may be noted that only 30% is received in advance and the balance payment is made after the material is dispatched and invoice is raised. The inventories are based on the actual consumption for the past few years and Cash, creditors and other debtors are based on the guidelines approved by TAMP.

(e). On the basis of existing tariff, the terminal will result in a deficit even after adjusting the surplus of earlier years. Even with the proposed increase, there will be average deficit of over 3%, warranting a minimum increase that the company has sought from authorities.

4.2. The estimated financial/ cost implications at the existing level of tariff as shown in the consolidated income and cost statements furnished by the ISHPL are summarised below:

(**₹ in lakhs**)

Sl. No.	**Particulars**	**Estimates at existing level of tariff**		
		2013-14	**2014-15**	**2015-16**
1.	Traffic (in MTs)	2.3	2.3	2.3
2.	Operating income	5068	4882	4882
3.	Net surplus / deficit after return	- 1737	-2042	-2145
4.	Net deficit as a percentage of operating income	- 13.8%	- 41.8%	- 43.9%
5.	Average net deficit as a percentage of operating income	-33.17%		

4.3. From the proposal of the ISHPL, it is seen that the ISHPL has sought an increase in the main tariff items ranging from around 7% to around 72%. The ISHPL has also proposed for revision of rates for optional services. The existing rates, the proposed rates along with the percentage increase for main tariff items as sought by the ISHPL are tabulated below:

Sl. No.	Main tariff category	Existing rates (₹)	Proposed Rate (₹)	Increase sought (rounded off)
1.	Berth Hire (US $/Rs.) Foreign/ Coastal	0.0028/ 0.0743	0.0030/ 0.08	7%/8%
2.	Supply of manpower & mobile equipments	9.57	12.40	30%
3.	Wharfage	78.30	102	30%
4.	Shore handling charges	91.35	128	40%
5.	Delivery charges (Mechanised/ Conventional)	30.45/17.40	36/30	18%/72%
6.	Ground rent	43.50	50	15%
7.	Loading, re-loading & restacking	20	26	30%

5.1. The ISHPL had requested to not circulate the entire financial statements and underlying assumptions so as to avoid the competitors getting full information on their strategy and that this would go against their interest in future competitive bidding for other BOT projects.

5.2. As per Clause 3.2.4 of the tariff guidelines, the tariff proposal is required to be circulated, except such details / documents which are requested by the port to be not circulated on the grounds of being commercially sensitive/ confidential nature. However, such request should adequately explain the reasons for classifying the documents / information as commercially sensitive / confidential and also explain how any irreparable damage will be caused to the port, if the request is not acceded to. Since the ISHPL did not furnish any such explanation in its proposal, the entire proposal as received from the ISHPL except the Annual Accounts was forwarded to the concerned stakeholders.

6.1. In accordance with the consultative procedure prescribed, a copy of the proposal dated 9 November 2012 received from the ISHPL (except the Annual Accounts as mentioned above) was forwarded to the Licensor port (KOPT) and to the concerned users/ user organizations for their comments. The Bengal Chamber of Commerce (BCC) and Steel Authority of India Limited (SAIL) have furnished their comments. The comments received from the said users were forwarded to ISHPL as feedback information. The ISHPL vide its letter dated 9 December 2013 has responded to the comments of SAIL only.

6.2. As stated above, a copy of the proposal was forwarded to the KOPT. The KOPT has initially furnished its interim comments and thereafter it has furnished its final comments on the ISHPL proposal. A copy each of the interim/ final comments received from KOPT was forwarded to ISHPL as feedback information. The ISHPL has responded to the interim and final comments of KOPT.

7.1. Based on the position that it would take some more time for the case to mature for final consideration of this Authority, this Authority vide its Order dated 9 May 2013 extended the validity of the Scale of Rates of the ISHPL till 30 September 2013. The validity of the Scale of Rates was extended subject to fully adjusting the additional surplus, if any, over and above the admissible cost and permissible return accruing to the ISHPL for the period post 1 April 2013 in the tariff to be determined, as assessed during the review of its performance.

7.2. Thereafter, this Authority vide its Orders dated 29 October 2013, 10 January 2014 and 10 April 2014 extended the validity of the Scale of Rates of the ISHPL till 31 December 2013, 31 March 2014 and 30 June 2014 respectively subject to fully adjusting the additional surplus, if any, over and above the admissible cost and permissible return accruing to the ISHPL for the period post 1 April 2013 in the tariff to be determined, as assessed during the review of its performance.

8. Based on a preliminary scrutiny of the proposal, the ISHPL was requested vide our letter dated 30 May 2013 to furnish additional information/ clarifications on various issues. The

ISHPL undercover of its letter dated 11 November 2013 has responded. The queries raised by us and the reply of the ISHPL thereon are tabulated below:

Sl. No.	Queries raised by us	Reply of ISHPL
I	**Financial Cost Statements:**	
A	**General:**	
1.	The undertaking furnished by the ISHPL in the covering letter dated 9 November 2012 does not reflect the contents of the prescribed undertaking fully. Therefore, the ISHPL to furnish the undertaking as prescribed in the tariff filing forms for Private Terminals.	(The ISHPL in its covering letter dated 11 November 2013 has furnished the undertaking.)
2.	The cost statements for the year 2012-13 may be updated with actuals and estimates for the years 2013-14 to 2015-16 to be reviewed, if required.	(The revised proposal furnished by the ISHPL takes into account the actuals for the year 2012-13.).
3.	(i). A detailed income calculation for the years 2010-11 to 2012-13 for the actual tariff handled applying the rates approved in the Scale of Rates (SOR) to be furnished.	(The ISHPL in its revised proposal is seen to have furnished the calculations in respect of some of the components forming part of the Cost statement.)
	(ii). Rebates and discounts, if any, on the notified ceiling rates, allowed by ISHPL during the year 2010-11 to 2012-13 to be furnished yearwise.	(The ISHPL has not responded to the query whether it has allowed any Rebates and discounts during the years 2010-11 to 2012-13.)
4.	The ISHPL to furnish a copy of the draft accounts for the year 2012- 13, if audited accounts are not available.	The Audited Accounts for FY: 2012-13 has been furnished.
5.	With reference to Form – 7 of the cost statement, the following to be furnished:	
	(i). Since the year 2012-13 is already over, the comparative position of actuals vis-à-vis estimates for the year 2012-13 to be also furnished in Form -7.	(In the revised proposal, the Form – 7 takes into account the comparative position of actuals vis-à-vis estimates for the year 2012-13 also.)
	(ii). The percentage variation in actuals from estimates has been computed with reference to actuals. The percentage variation to be calculated with reference to estimates and wherever the variation is more than 20%, the reasons for variation to be explained in detail.	
	(iii). The estimate of the vessel related income is shown at ₹267.81 lakhs and ₹233.94 lakhs for the years 2010-11 and 2011-12 respectively as per the cost statement attached to the tariff order dated 19 January 2011. However, it is to be noted that the said tariff order allowed an increase of 11% over the then existing berth hire charges to be commonly applicable to foreign and coastal vessels. The said tariff order was notified on 6 April 2011 in the Gazette of India and would have come into force after expiry of 15 days from the date of notification. In order to have like to like comparison of estimated berth hire charges and actual berth hire charges, the estimated berth hire charges to be enhanced by 11% from the actual date of implementation of the increase granted in berth hire charges and furnished in the estimate column of Form – 7 for the years 2010-11, 2011-12 and 2012-13.	The tariff order was notified on 6th April 2011 in the Gazette of India. Hence the increase of the then existing vessel related income would not be applicable for FY: 2010-11 as the TAMP Order is always prospective in nature. In respect of FY: 2011-12 & 2012-13, TAMP had made certain estimates to Vessel related Income considering the subject 11% increase. Therefore, it does not appear that any further increase / addition in the estimates are required. (The increase of 11% granted in the then existing berth hire charges of ISHPL has not been factored by the ISHPL in the estimates of the berth hire charges for FY:2011-12 & 2012-13 in Form-7 of its revised proposal)
6.	During the last review of SOR of ISHPL, the operator stated that it has taken initiative to	During FY: 2010-11, the need for handling Thermal Coal was felt as it was anticipated that

	handle import thermal coal and it would continue to explore the possibility of handling this cargo as recorded in paragraph No. 17 (V) of the tariff order dated 19 January 2011. The outcome of the initiatives taken by the ISHPL in this regard to be brought out.	new facilities at HDC, KOPT would reduce the volume of Coking Coal available for ISHPL, Berth No. 4A. However, since in reality the volume of Coking Coal did not decrease, the plan for handling thermal coal was not implemented. Similarly during FY: 2011-12, a shutdown was planned & undertaken for 3 to 3½ months for repair of ship-unloaders at Berth No. 4A, due to which the ability of the plant to handle the cargo was restricted and the manpower was also busy with the repair activities being undertaken by then and hence the question of exploring the possibility of handling Thermal Coal did not arise. During FY: 2012-13, there was substantial reduction in the arrival of Thermal Coal to HDC, KOPT without any corresponding reduction of Coking Coal arrival at HDC, KOPT. Besides, the Coking Coal handled by ISHPL is normally 3/ 4 qualities which in effect is equivalent to 3/ 4 commodities as each has to be separately discharged, stacked & dispatched. It occupies extra space for stacking of the same. In order to handle Thermal Coal, it was envisaged that a plot within the leased area/ premises of ISHPL would be developed as an extended stockyard, but the same had to be ultimately utilized for installation of D G Sets as the original proposed location of the D G Sets was not found to be suitable by the suppliers / contractors.
7.	During the last review of the SOR of ISHPL, the proposal of the ISHPL for replacement of in-motion weighbridge at an estimated cost of ₹15.35 lakhs was considered for the year 2011-12 as an addition to the Gross Block of assets, allowing return and depreciation at the admissible rates. The ISHPL was advised to exclude the existing in-motion weigh bridge from the block of assets and also to account for the amount realized from the disposal of the same and report the matter during the next review of its SOR, as recorded in Paragraph No. 17 (viii) (a) (iv) of the tariff Order dated 19 January 2011. However, no mention in this regard is found in the tariff proposal of ISHPL. The position in this regard to be brought out with cost details and the adjustments made in the cost statement to be explained drawing reference to the entry made in the cost statement.	ISHPL has excluded the old In-motion Weighbridge from the Block of Assets, but there is no realization from disposal as there is no resale value, which would be evident from the schedule of Fixed Assets of Audited Accounts for FY: 2010-11 as submitted to the Authority.
8.	An estimated amount of ₹250 lakhs towards replacement of existing PLC/ VVVF drive in the ship unloader and an estimated amount of ₹250 lakh for another PLC/ VVVF drive for another unloader was considered in the year 2011-12 and 2012-13 respectively as additions to the Gross Block of assets allowing return and depreciation on the above said assets. Likewise, an amount of ₹200 lakhs towards revamping / replacement of existing conveyor system was considered as addition to the Gross Block allowing return and depreciation on the said asset subject to verification of actual expenditure. In this	The estimated amount of ₹250 Lakh for PLC/ VVVF Drives for each of the unloaders totaling ₹500 Lakh has been incorporated on actuals basis of ₹517 Lakh (approx.) in the FY: 2011-12 and the same has been capitalized to the Gross Block of Assets. Repairs to the conveyor system have been carried out continuously during the period under review on need basis. However, such repairs were not considered as capital repairs as per accounting norms and hence there was no addition to the Gross Block

	regard, paragraph no. 17(viii) of the tariff Order dated 19 January 2011 may be referred to. The replacement of two PLC/ VVVF drives and revamping / replacement of existing conveyor system to be confirmed with capital cost details and the treatment given in this regard in the cost statement may be explained.	
9.	(i). In the last review of the tariff of ISHPL, vide tariff Order dated 19 January 2011, the ISHPL was advised to take advantage of the Insurance benefit to the extent available on account of damage to ship unloaders and deduct the same from the actual cost of repairs to the ship unloaders as recorded in Para 17(vii)(d). The ISHPL to explain on the compliance of the advice rendered by the Authority.	(The ISHPL is stated to have complied with the advice of the Authority. In this connection, it is seen that the Annual Accounts for the year 2011-12 reflects repairs and maintenance cost to the tune ₹1302.95 lakhs. A note in this connection states that the said repairs and maintenance is net of ₹489.38 lakhs being the insurance claim in respect of the expenses incurred on repairs of ship unloaders during the year 2011-12, received during the year.)
	(ii). The ISHPL to furnish the actual expenses incurred for repair of the ship-unloaders, supported by documentary evidence.	ISHPL has furnished the documents. (From the documents, it is seen that the ISHPL has engaged an overseas party to carry out the repair work for 1 no. of ship unloader and refurbishment works to 2 no. of ship unloaders, at a total contract price of 1273504 Singapore Dollars (SGD). Based on the tax invoices dated 31 October 2011, 27 December 2011 and 06 February 2012, the ISHPL has made the contract price, which is equivalent to ₹502.60 lakhs.)
	(iii). The ISHPL has made a mention in its covering letter dated 9 November 2012 about major maintenance like painting and other replacements. The details of actual expenditure for painting and other replacements incurred to be furnished supported by documentary evidence. It appears from the cost statement that the ISHPL envisages an expenditure of ₹200 lakhs in the year 2014-15 for major painting job. The estimated amount of ₹200 lakhs to be justified with cost details.	Painting has been undertaken during FY: 2011-12. Although, ISHPL had envisaged an expenditure of ₹200 Lakh for Painting during FY: 2014-15, it has not been considered in the revised proposal. However, if the circumstances require, ISHPL may incur some expenditure in FY: 2014-15.
	(iv). With reference to the painting and other replacements, the ISHPL has stated in the covering letter that it has treated the relevant expenditure as deferred expenses and claimed returns on the unamortized portion of the said expenditure. In this regard, the ISHPL to furnish/ clarify the following:	
	(a). Since the expenditure involves replacements, the items of replacements and value thereof to be furnished.	As far as Painting & related replacement is concerned, Painting is the major activity and replacements are negligible.
	(b). The painting and replacements need to be carried out once in three years, as stated by ISHPL. That being so, the benefit of the expenses may be reaped within the particular tariff cycle of three years and may not extend to the next tariff cycle. In that case, the proposal of ISHPL to treat the said expense as deferred expense within the tariff cycle of three years to be justified.	ISHPL has charged the cost incurred for painting job during FY: 2011-12 to revenue as per accounting norms.
10.	The additions to the Gross Block estimated at ₹80 lakhs towards installation of high mast towers for lighting was considered in the year 2011-12 as proposed by the ISHPL subject to	During the period under review, ISHPL has increased the illumination at certain sensitive areas and this additional illumination seemed to be adequate and hence the plan for installation

<table>
<tr><td></td><td>verification allowing return and depreciation on the said item, as recorded in paragraph No. 17 (viii) (a) (ii) of the tariff order dated 19 January 2011. However, it appears that the said item was not installed in the year 2011-12 and is included in the present proposal of ISHPL. The reason for not installing the said asset in the year 2011-12 as proposed by ISHPL then itself to be explained.</td><td>of high mast tower for lighting was kept in abeyance.

(ISHPL, in its original proposal, had included ₹80 lakhs in the Gross Block of Assets towards high mast towers during the year 2013-14. However, the same is not seen to have been included in the revised proposal.)</td></tr>
<tr><td>11.</td><td>During the last review, ISHPL had considered an expenditure of ₹200 lakhs during the year 2012-13 for Conveyor system. In the present proposal, ISHPL has not furnished any details on expenditure incurred on Conveyor system. In this backdrop, the ISHPL to consider only those investments for estimation, which are likely to materialize in the future tariff cycle.</td><td>Noted.</td></tr>
<tr><td>12.</td><td>The extension of validity of then existing Scale of Rates of ISHPL beyond 31 March 2009 was subject to the condition that the additional surplus over and above the permissible cost and admissible return accruing to the ISHPL for the period post 1 April 2009 will be set off fully in the tariff fixed for the next tariff cycle as recorded in paragraph No. 17(iv) of the tariff Order dated 19 January 2011. Accordingly, the entire surplus of ₹771.77 lakhs including excess recovery on account of not allowing coastal concession on shore handling charges in the year 2009-10 was adjusted against the estimated net surplus/ (deficit) position considered for the years 2010-11 to 2012-13 as recorded in the last Paragraph of para 17(iv) of the tariff Order dated 19 January 2011. Therefore, ISHPL to note that question of adjustment of only 50% of the additional surplus of ₹771.77 lakhs, as treated by ISHPL in Form – 3A of the cost statement, does not arise for adjustment in the tariff cycle of the period 2013-14 to 2015-16.</td><td>Noted.</td></tr>
<tr><td>13.</td><td>In the last review of the tariff of ISHPL vide tariff Order dated 19 January 2011, the Coastal share of traffic for the years 2010-11 to 2012-13 was considered at 25%, 35% and 45% respectively subject to the conditions that if any significant variation in the coastal share estimated in the total traffic is found, the benefit accruing to ISHPL on account of such variation will be set off fully in the next review of its tariff as recorded in Para 17(v) of the tariff Order dated 19 January 2011. As per Form – 2A of the tariff proposal dated 9 November 2012, the coastal share works out to around 12.37%, 2.4% and 0% of the total traffic for the years 2010-11 to 2012-13 respectively. The ISHPL, in this regard, to quantify and furnish the benefit accrued to ISHPL year-wise on account of the variation between the estimates and actuals in the coastal share in the total traffic for the years 2010-11 to 2012-13 supported with working.</td><td>ISHPL has furnished the coastal share of traffic for the years 2010-11 to 2012-13 as given below:

<table><tr><th>Years</th><th>2010-11</th><th>2011-12</th><th>2012-13</th></tr><tr><td>Coastal Share of Traffic</td><td>12.38%</td><td>2.40%</td><td>0%</td></tr></table>
The revised proposal has been updated with actual coastal traffic volume for FY: 2010-11, FY: 2011-12 and FY: 2012-13.</td></tr>
<tr><td>14.</td><td>The ISHPL to furnish value of actual consumption of inventory during the year</td><td>The values of actual consumption on inventory during the year 2010-11 to 2012-13 are given</td></tr>
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<tr><td></td><td>2010-11 to 2012-13.</td><td>below:
(₹ in lakhs)<table><tr><th>Years</th><th>2010-11</th><th>2011-12</th><th>2012-13</th></tr><tr><td>Actual Consumptions of Spares (Annually)</td><td>245.66</td><td>273.11</td><td>301.53</td></tr></table></td></tr>
<tr><td>B.</td><td><u>Capacity:</u></td><td></td></tr>
<tr><td>1.</td><td>The ISHPL to determine and furnish with workings its quay side capacity at 70% utilization, taking into account percentage share of various sizes of vessels and ship day output of such vessels. Likewise, the yard capacity to be determined and furnished at 70% storage capacity taking into account the area of the yard, percentage share of total area that could be used for stacking, quantity that could be stacked per square meter of area and turnover ratio of the storage plot in a year.</td><td>The capacity of the Berth No. 4A, Haldia Dock Complex has been certified as 3 million tonnes per annum and the same has been incorporated in TAMP’s Order dt. 25.01.2007. Hence, 70% capacity utilization works out to 2.1 million tonnes per annum.</td></tr>
<tr><td>2.</td><td>The ISHPL to furnish the reason for maintaining the assessed capacity of the terminal at 3 Million Tonnes in spite of the proposed investment of ₹350 lakhs for stackyard expansion.</td><td>The stack yard expansion could not be undertaken.</td></tr>
<tr><td>3.</td><td>The tariff guidelines of 2005 stipulate that tariff should be linked to benchmark of the levels of productivity. The ISHPL has stated at Sr.No.6 of Form-1 that the current discharge rate is 14000 metric tonnes per WWD and performance will endeavor to maintain the current performance in future due to aging of the equipments. It is observed that the ISHPL has carried out revamping of machineries in the recent past. That being so, the reason for maintaining the productivity level at 14000 metric tonnes per WWD without any improvement in the productivity level despite revamping of machineries to be explained.</td><td>All the repair jobs of the machineries were to maintain the existing facilities and replacement of the existing PLC/ VVVF drives was due to technological obsolescence. These are in no way connected to capacity augmentation. If these were not carried out, there would have been loss of operating efficiency.</td></tr>
<tr><td>C.</td><td><u>Traffic Projections:</u></td><td></td></tr>
<tr><td>1.</td><td>The estimated traffic for the year 2012-13 may be updated with actuals and estimates for the years 2013-14 to 2015-16 to be reviewed, if required.</td><td>The actual traffic for the year 2012-13 has been incorporated in the revised proposal and the estimates for the years 2013-14 to 2015-16 have been reviewed.</td></tr>
<tr><td>2.</td><td>With reference to the Volume of 2.3 Million Tonnes estimated each for the years 2013-14 to 2015-16, the ISHPL to clarify/ justify/ furnish the following:</td><td></td></tr>
<tr><td></td><td>(i). The reason for projection of traffic at 2.3 Million Tonnes each for the year 2012-13 to 2015-16 is stated to be reflecting the market position and drop in demand. The analysis made in this regard to assess the projection of traffic for the said three years to be furnished.</td><td rowspan="3">The traffic projections has been reviewed and updated.</td></tr>
<tr><td></td><td>(ii). The projection at 2.3 Million Tonnes for all the three years without any volume growth to be justified.</td></tr>
<tr><td></td><td>(iii). As stated earlier, the ISHPL stated during the last review of its tariff that it has taken initiatives to handle import thermal coal and it would continue to explore the possibilities of handling this cargo. As there will be under-</td></tr>
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	utilization of assessed capacity at the projected volume, the ISHPL to consider the volume of thermal coal import for all the three years in its traffic estimates.	
	(iv). The ISHPL has considered the capital expenditure of ₹350 lakhs during the year 2014-15 to extend the stack yard. The estimated increase in traffic on this account to be considered in the traffic estimate for the year 2014-15.	Stack yard extension is no longer feasible under the present situation. Whether it has removed ₹350 lakhs considered earlier in the 1st proposal.
	(v). Another reason cited by ISHPL for pegging the traffic at 2.30 Million Tonnes each for the year 2013-14 to 2015-16 is the reported falling draught and lock gate restrictions. The steps initiated by ISHPL with the licensor port to overcome the reported bottle necks to be brought out.	The traffic projection for the years 2013-14 to 2015-16 have been revised.
	(vi). The ISHPL has stated that the volume handled / to be handled at the berth No. 4A will also be impacted by the operations of Berth No. 2 and 8 of HDC and operation of Mobile Harbour Crane at berth No. 4B. The KOPT vide its letter No. Fin/714/B dated 30 January 2013 has disputed the above contention of the ISHPL. Further, the KOPT in its subsequent letter No. Fin/780-B dated 27 February 2013 has furnished its views, inter alia, on the traffic projections of ISHPL for the years 2012-13 to 2015-16 and has recommended traffic at 2.7 Million Tonnes for the year 2012-13 and 2.75 Million Tonnes each for the next three years. A copy each of the KOPT letters dated 30 January 2013 and 27 February 2013 was forwarded to the ISHPL undercover of our letters of even number dated 1 February 2013 and 27 February 2013 for its comments. The response of the ISHPL is awaited. The ISHPL is requested to review its traffic estimates for the year 2013-14 to 2015-16 in the light of observation made by us in the previous paragraphs and the views of KOPT in order to ensure optimum utilization of the terminal.	The traffic projection for the years 2013-14 to 2015-16 have been reviewed.
	(vii). (a). The ISHPL has stated that the estimated coastal traffic for the years 2013-14 to 2015-16 is taken at the percentage suggested by the KOPT during the last review of the tariff of ISHPL at 25%, 35% and 45% respectively for the years 2010-11 to 2012-13. It is not clear how the suggestion of KOPT made for the year 2010-11 to 2012-13 will be valid for the years 2013-14 to 2015-16. It is noteworthy that the actual share of coastal volume for the years 2010-11, 2012-13 is seen to be 12.37%, 2.40% and 0% respectively. Further, the KOPT vide its letter dated 27 February 2013 has furnished its views on the coastal share estimated by the ISHPL and made recommendations on the coastal share of cargo. Therefore, the coastal share of traffic estimated for the years 2013-	The traffic projection for the years 2013-14 to 2015-16 have been reviewed.

<table>
<tr><td></td><td>14 to 2015-16 to be reviewed.</td><td></td></tr>
<tr><td></td><td>(b). In the tariff order dated 19 January 2011, coastal share of traffic at 24%, 35% and 45% for the years 2010-11 to 2012-13 was considered. When seen in the light of actuals, the coastal share works out to around 12.37%, 2.40% and 0% for the corresponding period. The reason for substantial drop in the coastal share may be brought out.</td><td>While submitting the proposal related to tariff order dated 19th January 2011, share of coastal cargo was projected on the basis of past experience and various assumptions and revised from the original proposal after discussion with HDC, KOPT and TAMP. Although SAIL had initially started coastal movement, they later on gradually tapered off due to some constraints. Besides, certain assumptions in support of coastal movement did not fructify.</td></tr>
<tr><td></td><td>(c). The ISHPL to clarify why at all coastal volume should be considered in the traffic estimates for the year 2013-14 to 2015-16 in light of declining trend of coastal volume during the year 2009-10 to 2011-12 and “nil” coastal volume in the year 2012-13.</td><td>SAIL is the principal cargo importer for the coastal cargo, who has commented that the share of coastal cargo in the ISHPL’s proposal seems to be on higher side, but at the same time also not ruled out coastal movement. Accordingly, ISHPL has reviewed & revised the share of coastal cargo taking in to account the assumptions that were enumerated in the earlier proposed as well as giving due weightage to Government of India’s push & encouragement for coastal cargo movement as per public announcement and providing certain relaxation & rebates to the Coastal Cargo holders.</td></tr>
<tr><td>D.</td><td><u>Income Projections:</u></td><td></td></tr>
<tr><td>1.</td><td>The estimated income for the year 2012-13 to be updated with actuals and estimated income for the years 2013-14 to 2015-16 may be reviewed, if necessary. As mentioned earlier, income to be reported as realizable at the rates approved in the SOR.</td><td>The proposal has been updated with actuals for FY: 2012-13.</td></tr>
<tr><td>2.</td><td>A detailed computation for estimates of income from berth hire charges for the years 2013-14 to 2015-16 to be furnished separately for foreign going vessels and coastal vessels, indicating the exchange rate adopted.</td><td>Computation of Estimated Income from Berth Hire Charges for the years 2013-14 to 2015-16 are given as under:
<table>
<tr><th></th><th>2013-14</th><th>2014-15</th><th>2015-16</th></tr>
<tr><td>Traffic (Lakh tonnes)</td><td>27.50</td><td>27.50</td><td>27.50</td></tr>
<tr><td>Coastal</td><td>2.75</td><td>4.13</td><td>6.88</td></tr>
<tr><td>Foreign</td><td>24.75</td><td>23.37</td><td>20.62</td></tr>
<tr><td>Rate:</td><td></td><td></td><td></td></tr>
<tr><td>Coastal</td><td>0.0743</td><td>0.10</td><td>0.10</td></tr>
<tr><td>Foreign</td><td>0.0028</td><td>0.004</td><td>0.004</td></tr>
<tr><td>No. of Vessels:</td><td></td><td></td><td></td></tr>
<tr><td>Coastal</td><td>19</td><td>28</td><td>47</td></tr>
<tr><td>Foreign</td><td>98</td><td>93</td><td>82</td></tr>
<tr><td>Foreign Exch. Rate</td><td>60</td><td>60</td><td>60</td></tr>
<tr><td>Type of Vessels:</td><td>Average GRT</td><td>Average Parcel</td><td>Average Time (hrs)</td></tr>
<tr><td>Coastal</td><td>13936</td><td>14613</td><td>30</td></tr>
<tr><td>Foreign</td><td>40021</td><td>25137</td><td>52</td></tr>
<tr><td colspan="4">Berth Hire Charges = (GRT X Rate X Time Taken) X No. of Vessels X Exchange Rate</td></tr>
</table></td></tr>
<tr><td>3.</td><td>(i). The ISHPL has considered the cargo handling income of ₹6873 Lakhs including ₹1049 lakhs as “other income” for the year 2010-11 in the cost statement. However, these income are reported at ₹7014 lakhs and ₹2.40 lakhs respectively in the Schedule 16 and Schedule 17 of the Audited Accounts of ISHPL for the year 2010-11. The reason for showing less income in the cost statement</td><td>The reconciliation statement is given below:
(₹ in Lakhs)
<table>
<tr><th>Particulars</th><th>2010-11</th></tr>
<tr><td>Cargo Handling income reported in Form - 2B including ₹1049 Lakh as other income</td><td>6,873</td></tr>
<tr><td></td><td></td></tr>
<tr><td>Add: Opening Work in Progress</td><td>141</td></tr>
<tr><td></td><td></td></tr>
</table></td></tr>
</table>

<table>
<tr><td></td><td>(Form 2B) to be explained with a reconciliation statement.</td><td><table><tr><td>Cargo Handling income reported in Schedule 16 of the Audited Accounts</td><td>7,014</td></tr><tr><td></td><td></td></tr><tr><td>Income Reported in Form - 3A as "Others"</td><td>2.4</td></tr><tr><td></td><td></td></tr><tr><td>Other income reported in Schedule 17 of the Audited Accounts</td><td>2.4</td></tr></table>
Hence, it is clear that there is no difference.</td></tr>
<tr><td></td><td>(ii). The adjustment of ₹140.97 lakhs made towards opening work in progress in the income for the years 2010-11 to be explained (Please refer Schedule 8).</td><td>₹140.97 Lakh is an assessed liability at the yearend which is payable to HDC, KOPT for FY: 2009-10 payable in FY: 2010-11 for the vessels which have arrived & the total handling had not been completed within the relevant financial year i.e. FY: 2009-10. Hence, it appears as opening Work in progress for FY: 2010-11. This has been an ongoing practice which ISHPL have reviewed and done away with in the successive years as this liability is a confirmed liability as per License Agreement.</td></tr>
<tr><td></td><td>(iii). The ISHPL has considered the cargo handling income of ₹5093 lakhs including ₹1290 lakhs as “other income” for the year 2011-12 in the cost statement. However, these income are reported at ₹5092.50 lakhs and ₹4.10 lakhs respectively in the Schedule 8 of the Audited Accounts of ISHPL for the year 2011-12. The reason for showing less income in the cost statement (Form 2B) to be explained with a reconciliation statement.</td><td>As per ISHPL’s understanding, ISHPL have reported ₹4.10 Lakh in the Form - 3A for FY: 2011-12 and not in Form - 2B.</td></tr>
<tr><td></td><td>(iv). The breakup for “other income” of ₹1049 lakhs and ₹1290 lakhs considered in the cost statement for the years 2010-11 and 2011-12 respectively to be furnished, listing out the items of other income considered.</td><td>The income from the optional services is considered under the head “Other Income”. This is basically based on the past performance of the ISHPL. These services include:
a) Weighment charges for In-motion weigh bridge.
b) Retrieving Cargo which spills over in transit.
c) Siding Charges
d) Loading, reloading & Restacking
e) Taking photograph for loaded wagons
f) Charges for On-line sampling.
g) Despatch related services for rail bound cargo through Berth No. 4A, including trimming, cleaning, labelling & lime spraying.
h) Quarterly survey of stock.

(ISHPL, in its revised proposal, has not furnished breakup of actual revenue earned from each of the service mentioned above reconciling the figures considered in the cost statement under ‘Other income from optional services’ for the years 2010-11 to 2012-13)</td></tr>
<tr><td></td><td>(v). The estimated “other income” for the year 2012-13 under cargo handling income is found to be 51% less as compared to the actual “other income” for the year 2011-12. It is seen from the soft copy of Income Projections (Form-2B) furnished by ISHPL that the calculation of projected “other income” amounting to ₹6.31 Crores is done based on the traffic projections of 2.30 Million</td><td>The proposals for FY: 2012-13 has been updated with actuals.</td></tr>
</table>

	Tonnes for the year 2012-13. However, the actual “other income” for the year 2011-12 shown in the cost statement (From-2B) is at a higher level of ₹12.90 Cores for a lower level actual traffic of 1.829 Million Tonnes. In this context, the ISHPL to furnish the workings of actual “other income” for the years 2011-12 and 2010-11 stating therein the item of charge, the rate applied and the actual volume of cargo to which the rate is applied.	
	(vi). (a). An actual income of ₹2 lakhs and ₹4 lakhs have been shown as “others” for the years 2010-11 and 2012-12 respectively under total operating income in Form – 3A. Details of the said income to be furnished.	These are the misc. income generated during the year. It is not directly linked with the operations of ISHPL and hence, shown as Misc. Income and form part of Form – 3A.
	(b). The reason for not estimating any income under “others” for the years 2012-13 to 2015-16 to be explained.	The proposals for FY: 2012-13ISHPL has been updated with the actuals. These incomes as shown under “others” are non-recurring in nature and hence, no estimation is made for future years. It can be known only on the actual generation of the same.
4.	The ISHPL has realized income from Parking and Double Berth hire for the years 2009-10 to 2011-12 and has estimated to realize such income for the year 2012-13 also. Therefore, the income from Parking and Double Berth hire charges for the years 2013-14 to 2015-16 is also to be considered on estimate basis.	The rates proposed are based on our costing exercise. In our opinion, there is no need to change it. TAMP approved rates will be valid tariff for the ISHPL berth. Double Banking of Vessels is already being done at Berth No. 4A apart from Parking of the Vessels. Provision for charges for double/ triple banking may, therefore, remain in the SOR. The practice of levying berth hire charges for double/ triple banking by ISHPL has been continuing since inception with the full knowledge of KOPT. Subsequently, KOPT was collecting these charges on behalf of ISHPL and had started reimbursing ISHPL with some payments. Afterwards, they have arbitrarily withheld the charges collected by them without payment of the same to ISHPL and now after approx five years. KOPT are claiming that this is not due to ISHPL. Incidentally here the Berth Hire Charges for Double / Triple Banking would apply with reference to Berth No. 4A only and hence should be due to ISHPL alone. KOPT is attempting to differentiate Double/Triple Banking from Berth Hire. As has been demonstrated amply above, Double/ Triple Banking of Vessels is an integral part of Berth Hire and hence from the provisions of Berth Hire derived w.r.t. both TAMP’s Order of January 2007 and License Agreement of May 2002 between KOPT and ISHPL as also HDC’s Circular No. MTO/G/299/Pt-II/1231 dated 29.08.2004, such charges related to Berth Hire of Double/ Triple Banked Vessels are to be levied by ISHPL only. While HDC, KOPT is collecting these charges, they are refusing to transfer the same to ISHPL. Hence, any claims on this account made by ISHPL to HDC, KOPT are virtually infructuous. Yet ISHPL will have to claim these amounts as ISHPL believes it is rightfully due. Since a claim

<table>
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<td>is made by ISHPL, TAMP considers the same as income and includes it in their calculation for deriving final rates. In such a situation ISHPL is penalized by HDC, KOPT by non-payment and on the other hand ISHPL is penalized by TAMP for income which HDC, KOPT will not transfer. Hence, it is proposed that TAMP does not consider this head as Income for calculation purpose for future years but keeping the rates operative. Furthermore, the amount of the relevant charges/ claims taken for consideration/ calculation as per para 17 (vi) (b) of latest TAMP's Order dated 6th April 2011, is on average or adhoc amount which under the circumstances explained need not be taken at all.

Further to above, the billing made to KOPT, HDC for Parking and Double Banking charges are booked as Income in Audited Accounts for accounting purpose, but the same has been kept withheld by HDC, KOPT and refused to pay for last several years. So, ISHPL strongly feel that this income should not be considered as income by TAMP not only for future years but also for the past financial years under review and hence, ISHPL has excluded the income booked as "Parking and Double Banking Charges" from the Revised Proposal. The details of the same are furnished below:
Details of Parking and Double/ Triple Banking Bills raised on KOPT, HDC:
In ₹
<table>
<tr><th>Financial Year</th><th>Parking Charges</th><th>Double/ Triple Banking Charges</th><th>Total</th></tr>
<tr><td>2009-10</td><td>4,374,792</td><td>6,281,822</td><td>10,656,614</td></tr>
<tr><td>2010-11</td><td>2,537,921</td><td>4,856,575</td><td>7,394,496</td></tr>
<tr><td>2011-12</td><td>1,472,751</td><td>2,088,224</td><td>3,560,975</td></tr>
<tr><td>2012-13</td><td>2,731,410</td><td>1,216,434</td><td>3,947,844</td></tr>
<tr><td></td><td></td><td></td><td></td></tr>
<tr><td>Total</td><td>11,116,874</td><td>14,443,055</td><td>25,559,929</td></tr>
</table>
</td>
</tr>
<tr>
<td>5.</td>
<td>Gross Rent/ Storage charge has been prescribed in the existing tariff schedule of ISHPL. The ISHPL has also proposed rate for levy of this charges in the proposed draft SOR. However, it is observed that it has neither reported any income under this head in the past nor projected any income for future years. If no income is anticipated to be generated in the next tariff cycle on this account, the relevant rates in the Scale of Rates for this purpose may be redundant and, therefore, to be deleted.</td>
<td>ISHPL neither wants nor expects the cargo to remain on our premises for prolonged period after the free period as this will hamper the smooth operations. Rate for storage charges has however been prescribed so that a deterrent is available to deal with the situation where cargo remains in the transit area after the free period.

Further to above, if due to reduction in draught and consequential effect on cargo volume, in case new client/ port users are to be serviced, it will be necessary to have such deterrents for them.</td>
</tr>
<tr>
<td>6.</td>
<td>The new charge for "providing manpower for manual sampling, packing & delivery in Gunny Bags as per instructions of consignee' is proposed by ISHPL in the draft SOR. However, income projection for the same has not been considered for the future years from 2013-14 to 2015-16. The ISHPL to furnish the details of likely income arising on this account during the proposed SOR period and also consider the same in income projections for</td>
<td>The concerned activity was being required on some occasions in earlier year/s and hence, this new rate has been proposed. However, on review it is our experience that such requirements are extremely rare at present and therefore the proposal for notification of this new service is being deleted. In case, this service is required in future, it may be taken up separately with TAMP.</td>
</tr>
</table>

<table>
<tr><td></td><td>the years 2013-14 to 2015-16.</td><td></td></tr>
<tr><td>7.</td><td>In Section F-Miscellaneous charges, the charge for
(i). Loading, unloading & restacking of cargo (Sr. No. ii)
And
(ii). Retrieval of spilled cargo (Sr. No. V)

has been prescribed in the existing tariff schedule. The ISHPL has also proposed revision of the existing rates in the proposed draft SOR. However, it is seen that it has neither reported any income under this head in the year 2012-13 nor projected any income for future year. If no income is anticipated to be generated in the next tariff cycle on this account, the relevant rates in the SOR may be redundant and, therefore, to be deleted.</td><td>The income under this head in the FY: 2012-13 is shown. Projections of income under these heads are difficult as the quantities are unknown. However, whatever be the quantity in future years “rate” is a requirement as per past experience.</td></tr>
<tr><td>8.</td><td>The basis for considering the exchange rate of ₹52 per US$ in computation of berth hire charges for the years 2012-13 to 2015-16 to be furnished.</td><td>The exchange rate of ₹52 per US $ was in tune with the prevailing exchange rate at the time of submission of the proposal. Subsequently the exchange rate shown extreme volatility and now been considered as ₹60 per US $ in the Revised Proposal for all the future years.</td></tr>
<tr><td>9.</td><td>The ISHPL has provided working for “Other Income” which includes charges for (i) Photograph of loaded wagons and (ii) Quarterly survey of stock. The basis adopted to arrive at the rate considered for these charges in the rate worked out for miscellaneous charges per ton to be clarified.</td><td>The basis adopted to arrive at the rate considered for (i) Photograph of loaded wagons are based on rate proposed per wagon divided by the quantity loaded i.e. 60 Tons per wagon. Whereas for (ii) Quarterly survey of stock is calculated based on an annual traffic of 2.75 Million MT. Considering an annual traffic of 2.75 Million MT, it is envisaged that under normal circumstances average stocks at the end of any quarter in a financial year would be approx. 75000 Mt., based on the stock holding of 10 days of the last month of each quarter in all the 4 quarters of all the Financial years.</td></tr>
<tr><td>E.</td><td><u>Operating Cost:</u></td><td></td></tr>
<tr><td></td><td>(i). The operating cost excluding royalty and interest as per audited accounts for the year 2010-11 seems to be ₹2929.67 lakhs whereas in the cost statement the operating cost excluding royalty and interest is shown as ₹2927 lakhs. The reason for difference to be explained with a reconciliation statement.</td><td>The Reconciliation Statement is given below:

In ₹ lakh<table>
<tr><th>Particulars</th><th>2010-11</th></tr>
<tr><td>Operating cost excluding Royalty and Interest</td><td>2,927.53</td></tr>
<tr><td></td><td></td></tr>
<tr><td>Add: Insurance Premium paid for Loss of Gross Profit Policy</td><td>2.13</td></tr>
<tr><td></td><td></td></tr>
<tr><td>Operating cost excluding Royalty and Interest as per the Audited Accounts</td><td>2,929.66</td></tr>
</table>
Hence, there is negligible difference due to rounding off.</td></tr>
<tr><td></td><td>(ii). The total expenditure for the year 2011-12 excluding royalty as per annual accounts appears to be ₹4420.58 lakhs whereas the operating expenditure excluding royalty as per cost statement appears to be ₹3756.80 lakhs. The reason for difference to be explained with a reconciliation statement.</td><td>The total expenditure for the year 2011-12 excluding Royalty has since been changed in the Revised Proposal to ₹3832.49 after adjusting the Insurance claim received during the FY: 2012-13 and hence the Reconciliation Statement has been prepared based on Revised figures, which is given below:
In ₹ lakh<table>
<tr><th>Particulars</th><th>2011-12</th></tr>
<tr><td>Total cost excluding Royalty</td><td>3,832.49</td></tr>
<tr><td>Add: Insurance Claim received during FY:</td><td>489.38</td></tr>
</table></td></tr>
</table>

2012-13	
Add: Insurance Premium paid for Loss of Gross Profit Policy	2.46
Add: Obsolescence Cost of PLC / VVF Drives shown as FME Cost	97.02
Less: Preliminary Expenses Written off in Accounts during initial year of operations	0.76
Operating cost excluding Royalty and Interest as per the Audited Accounts	4,420.59

Hence, there is negligible difference due to rounding off.

(iii). The ISHPL to furnish a statement reconciling the actuals considered in the cost statements with the actuals reported in the Annual Accounts in respect of operating expense, management and general overheads, depreciation, finance & miscellaneous income and finance & miscellaneous expenses for all the years 2010-11 to 2012-13. The ISHPL to also furnish a statement reconciling the profit before tax as reflected in the accounts and the net profit before return as per cost statements for the years 2010-11 to 2012.13.

The Reconciliation Statement reconciling the Expenses / Income as per Cost Statement with the Annual Accounts is given below:

Particulars	**2010-11**	**2011-12**	**2012-13**
(a) Operating Expenses:			
Expenditure as per Cost Statements	**4,185.36**	**3,539.99**	**4,496.39**
Add: Balance of Royalty in line with Clause 2.8.1 of the Revised Tariff Guidelines not reported in Cost Statements	119.41	84.41	146.14
Add/(Less): Adjustment due to Insurance Claim received during FY: 2012-13	-	489.38	(489.38)
Add: Insurance Premium paid for Loss of Profit Policy not reported in Cost Statements	2.13	2.46	3.62
Expenditure as per Audited Accounts	**4,306.90**	**4,116.24**	**4,156.77**

(b) Management and general overheads:	**2010-11**	**2011-12**	**2012-13**
Expenditure as per Audited Accounts:			
- Employee Benefits Expenses	253.51	263.40	296.74
- Administration and other expenses	236.46	143.26	247.28
Total	**489.97**	**406.66**	**544.02**
Add: Preliminary expenses written off	0.76	0.76	0.76
Expenditure as per Cost Statements	**490.73**	**407.42**	**544.78**

(c) Depreciation:	**2010-11**	**2011-12**	**2012-13**
Expenditure as per Cost Statements	**910.39**	**774.43**	**881.74**
Add: Obsolescence cost shown as FME	-	97.02	-
Expenditure as per Audited Accounts	**910.39**	**871.45**	**881.74**

(d) Finance & miscellaneous income:	**2010-11**	**2011-12**	**2012-13**
Other Income as per Cost Statements	**-**	**-**	**-**
Add: Income Reported as "Others" under Operating Income	2.40	4.44	17.82
Add: Interest Income on specific fund	-	83.69	91.28
Other Income as per Audited Accounts	**2.40**	**88.13**	**109.10**

(e) Finance & miscellaneous	**2010-11**	**2011-12**	**2012-13**

expenses:			
Expenditure as per Cost Statements	**-**	**97.02**	**-**
Less: Obsolescence cost shown as FME (shown under Depreciation in Annual Accounts)	-	97.02	-
Interest on Term Loan & other finance Charges	238.93	225.07	255.04
Expenditure as per Audited Accounts	**238.93**	**225.07**	**255.04**

Statement showing reconciliation between Profit before Tax as per Audited Accounts and Net Profit before Return as per Cost Statements:

Particulars	**2010-11**	**2011-12**	**2012-13**
Net Profit before Return as per Cost Statements	1,552.62	473.47	2,363.34
Add/(Less): Balance share of Royalty in line with Clause 2.8.1 of the Revised Tariff Guidelines	(119.40)	(84.41)	(146.13)
Add/(Less): Adjustment due to Insurance Claim received during FY: 2012-13	-	(489.38)	489.38
Add/(Less): Insurance Premium paid for Loss of Profit Policy	(2.13)	(2.46)	(3.62)
Add/(Less): Preliminary expenses written off	0.76	0.76	0.76
Add/(Less): Interest Income on specific fund	-	83.69	91.28
Add/(Less): Interest on Term Loan & other finance Charges	(238.93)	(225.07)	(255.04)
Add/(Less): Parking & Double Banking Income not included in Cost Statements	73.94	35.60	39.47
Profit before Tax as per Audited accounts	**1,266.86**	**(207.73)**	**2,579.44**

1.	**Maintenance Labour:**	
(i).	The actual and estimated maintenance labour cost for the years 2010-11 to 2015-16 appears to be as per existing contract as seen in Form – 3B. A copy of contract in this regard to be furnished for perusal.	The copies of Agreement with the Maintenance Labour Contractor is furnished. (The Contract referred is a Maintenance contract for Coal handling plant at Berth no. 4A dated 21 March 2012 entered with a third party for a period of three years with effect from 01.04.2012. The Scope of work as mentioned in the Contract is for providing managerial, supervisory, skilled, semiskilled and unskilled manpower for day to day checkup, inspection, sunning maintenance, preventive maintenance and breakdown maintenance. The contract value is seen to be ₹185.22 lakhs for the year 2012-13 and with an escalation of 5% per annum.)
(ii).	The ISHPL has stated in the covering letter that it has considered higher inflation rate for employee cost and for labour related payments as demanded by the labour force in HDC, A copy of agreement entered with Labour Union, if any, to be furnished for perusal.	Although negotiations with Labour Union are at an advanced stage, the final agreement is yet to be reached. However, we have restricted ourselves within the limit of 7% escalation factor as existing and notified by TAMP Authority.
(iii).	The ISHPL has considered 5% hike for the	Noted. Accordingly, the cost statement has

	year 2012-13 over the actuals for the year 2011-12, 6.5% hike for the year 2013-14 over the estimates for the year 2012-13, 5% hike for the year 2014-15 over the estimates for the year 2013-14 and 6.75% hike for the year 2015-16 over the estimates for the year 2014-15. In this regard, it may be noted that as is the practice followed by us, every year we would be, in due course of time, communicating the escalation factor that would be considered for projecting the expenditure in the cost statement in respect of the tariff cases to be disposed in the year 2013-14. The ISHPL to take note of the said escalation factor and project the expenditures for the years 2013-14 to 2015-16 taking the actuals for the year 2012-13 as base in its cost statement to be revised.	been revised.
2.	**Equipment running cost:**	
(i).	The power consumption of 1.27 units considered in the last tariff order of January 2011 for the years 2011-12 and 2012-13 was based on the proposal of ISHPL at the relevant point of time to install high mast towers in the last tariff cycle. However, high mast towers were not installed in the last tariff cycle and the ISHPL has proposed to install the towers only in the year 2013-14. That being so, the power consumption for the years 2011-12 and 2012-13 may be considered on the basis of actual consumption and the cost statement to be revised accordingly.	(In its revised proposal, the ISHPL is seen to have considered the power consumption at 1.1 units for the years 2013-14 to 2015-16.)
(ii).	The unit cost of ₹12.50 considered by the ISHPL to be substantiated with documentary proof.	(The electricity bills furnished by the ISHPL for the months of January 2013 to March 2013, reflect an average cost of electricity at ₹11.43 per unit.)
(iii).	With regard to the escalation factor for estimating the power cost for the years 2013-14 to 2015-16, our observation made in the earlier paragraph to be noted.	Noted.
(iv).	There appears to be some arithmetic error in calculation of the estimated power cost for the year 2012-13, which is to be rectified.	The proposal for FY: 2012-13 has been updated with the actuals.
3.	**Repairs and Maintenance cost:**	
(i).	The ISHPL has reported that it had carried out repairs to the ship unloaders in the fag end of the year 2011-12. Therefore, the estimated repairs & maintenance cost of ₹816.60 lakhs for the year 2012-13 needs justification taking into account the revamped condition of machineries. Further, the hike considered in the estimated Repairs and Maintenance Cost for the year 2012-13 at around 45.63% over the actuals for the year 2011-12 to be justified.	The proposal for FY: 2012-13 has been updated with actuals taking into account the Insurance claim received during the year for repairs to the ship unloaders undertaken during FY: 2011-12.
(ii).	It appears that the Repairs and Maintenance of equipment is outsourced. A copy of the contract entered in this regard to be furnished duly linking the rates of contract with the estimates considered by ISHPL for the years 2012-13 to 2015-16.	Repairs & Maintenance of equipment is not outsourced except for Maintenance labour as mentioned above.
4.	**Royalty / Revenue share:**	

(i).	In the calculation of revenue share paid for the year 2010-11 to KOPT, the unit rate of ₹82 per tonne as against ₹81 per tonne prescribed in the then existing Scale of Rates of KOPT has been considered by ISHPL. This may be corrected.	Being corrected in the Revised Proposal.
(ii).	The SOR of KOPT approved vide Order dated 29 November 2010 prescribes unit rate of ₹87.48 for Coal. However, ISHPL has considered the rate of ₹88.56 for the royalty calculation. ISHPL to correct the royalty expenditure amount for the year 2011-12 and 2012-13 as per existing SOR of KOPT.	Being corrected as per the existing SOR of KOPT in the Revised Proposal. This may have to be revised / reviewed based on the Revision of SOR of KOPT, which is pending with TAMP / likely to be announced by TAMP shortly.
5.	**Labour and Equipment hire charges:**	
(i).	As observed in the last tariff order of January 2011, ISHPL has outsourced the provision of labour and equipment for cargo handling. The ISHPL to, therefore, furnish a copy of contract applicable for the years 2010-11 to 2015-16.	(The documents furnished by the ISHPL cannot be correlated to the expenditure incurred under this item of expenditure. Nevertheless, the equipment hire cost has been estimated by ISHPL by considering the actuals for the year 2012-13 and escalating it by 7% per annum to estimate the expenditure for the years 2013-14 to 2015-16.)
(ii).	The ISHPL to also certify that the terms of contract for outsourcing are decided based on competitive bidding and arm's length relationship is maintained in case of associated entities, if any.	The detail of outsourcing of the contract is already available with the Authority. This is a continuing contract and rates are re-negotiated.
(iii).	In the workings furnished by ISHPL for estimation of Labour & Equipment Hire charges for the year 2012-13, ISHPL has considered 99.5% of the estimated traffic and rate of ₹55 per tonne. The basis for considering 99.5% of estimated traffic to be furnished and the rate of ₹55 per tonne to be substantiated with documentary evidence.	The proposal for FY: 2012-13 has been updated with Actuals. The rate of ₹55/- per tonne was based on expectation that the Agreement between Labour Union with the labour contractor would be finalized during FY: 2012-13, which is still pending. However, ISHPL has considered 7% escalation factor as notified by TAMP in the revised proposals over and above 2012-13 actuals.
6.	**Lease Rental:**	
(i).	The cost statement shows that the ISHPL has incurred an amount of ₹399.58 lakhs and ₹419.90 lakhs towards lease rent for the years 2010-11 and 2011-12 to KOPT respectively. The License Agreement entered between the ISHPL and KOPT provides a rebate of 2.5% on the lease rent if the payment is made by the stipulated due date. In this context, the ISHPL to confirm with workings that the actual lease rent paid by it to the KOPT for the years 2010-11 and 2011-12 are after availing a rebate of 2.5%. Similar confirmation to be furnished with workings for the years 2012-13 also.	ISHPL appears to have considered the impact of rebate in its calculations.
(ii).	The detailed workings for lease rent estimates indicating the rate and area, after considering the discount of 2.5% for timely repayment of lease rent to KOPT to be furnished for the years 2013-14 to 2015-16.	Lease Rent paid to KOPT, HDC for the year 2012-13 (after 2.5% rebate) is ₹441.4 Lakh. On 5.1% escalation basis, as per Licence Agreement, it works out to ₹463.9 Lakh for 2013-14, ₹487.5 Lakh for 2014-15 and ₹512.4 Lakh for 2015-16.
7.	**Insurance Cost:**	
(i).	(a). The ISHPL to furnish the break-up of actual insurance cost for the years 2010-11 to 2012-13 for the assets related to berthing activity and cargo related activity separately supported by documentary proof.	Berth No 4 A at Haldia is covered by PSU Insurance Company in respect of the insurance cover on the assets. The following are the covers in respect of the Operations at Berth 4A.

		(1) Port package policy which covers all the assets created at the Port Area by ISHPL. This policy is in line with the policy cover taken by Port terminal throughout the world and is a standard policy with Lloyds. This includes covers such as machinery break down, port blockage, wreck removal, and consequential loss arising out of the insured perils. **(Net Premium for 2012-13 – ₹135.99 Lakh)** (2) General fire & allied perils and the consequential loss of profits policy covering all the assets, including covers for damages due to Acts of God which can be insured. **(Net Premium for 2012-13 – ₹17.18 Lakh)** (3) There is a special policy on coal stock held at the yard as required by Steel Authority of India. **(Net Premium for 2012-13 – ₹6.40 Lakh)**
	(b). The reason for around 12.40% increase in the actual insurance cost for the year 2011-12 over the year 2010-11 and reduction of around 4% in the estimated insurance cost for the year 2012-13 over the actual of 2011-12 to be furnished.	ISHPL has paid the Insurance premiums for all the financial years to PSU Insurance Company and has updated the cost statements accordingly.
(ii).	The basis for estimating the insurance cost for the years 2013-14 to 2015-16 to be furnished separately for the assets relating to berthing activity and cargo related activity supported with workings.	Berth No 4 A at Haldia is covered by PSU Insurance Company in respect of the insurance cover on the assets. The following are the covers in respect of the Operations at Berth 4A. (1) Port package policy which covers all the assets created at the Port Area by ISHPL. This policy is in line with the policy cover taken by Port terminal throughout the world and is a standard policy with Lloyds. This includes covers such as machinery break down, port blockage, wreck removal, and consequential loss arising out of the insured perils. **(Net Premium for 2013-14 – ₹137.95 Lakh)** (The document furnished by the ISHPL in this regard is a copy of the Terminal Operators Package Policy for the period from 01.04.2013 to 31.03.2014. The document reflects the premium amount of ₹152.79 lakhs.) (2) General fire & allied perils and the consequential loss of profits policy covering all the assets, including covers for damages due to Acts of God which can be insured. **(Net Premium for 2013-14 – ₹17.08 Lakh)** (The document furnished by the ISHPL in this regard is a copy of the Standard Fire and Special Perils Policy for the period from 01.05.2013 to 30.042014. The document reflects the premium amount of ₹16.30 lakhs.) (3) There is a special policy on coal stock held at the yard as required by Steel Authority of India. **(Net Premium for 2013-14 – ₹6.82 Lakh)**

		(The document furnished by the ISHPL in this regard is a copy of the Special Contingency Insurance Policy for the period from 01.05.2013 to 30.04.2014. The document reflects the premium amount of ₹7.66 lakhs.) To arrive at the Insurance cost for the years 2014-15 and 2015-16, an escalation factor of 7% as notified by TAMP is taken into consideration.
(iii).	The escalation factor of 6.50% considered in the estimates of insurance cost for the years 2013-14 to 2015-16 over the estimates of respective previous years to be justified. It is to be confirmed whether the proposed additions to gross block amounting to ₹80 lakhs and ₹350 lakhs estimated in the year 2013-14 and 2014-15 are taken into account for estimation of insurance cost.	ISHPL has revised the escalation factor from 6.5% to 7% as notified by TAMP for FY: 2013-14 for considering the estimates of Insurance cost for the years 2014-15 to 2015-16 over the actual payable to FY: 2013-14 which includes the insurance coverage for D G Sets also.
(iv).	As per provision 7.1 (y) of License Agreement, the insurance cost for the assets shall be for replacement at market value and calculation of depreciation on the replacement value. The workings for estimation of insurance cost for the years 2013-14 to 2015-16 calculated in line with the License Agreement provisions to be furnished in support of the estimates for the said three years.	Berth No 4 A at Haldia is covered by PSU Insurance Company in respect of the insurance cover on the assets. The following are the covers in respect of the Operations at Berth 4A. (1) There is a port package policy which covers the areas specific to the port business, applicable worldwide in respect of ports and terminals, (2) There is a general fire & allied perils policy covering all the assets. (3) There is a special policy on coal stock held at the yard. The Insurance premium payable is a factor of two elements (1) Insured value (2) rates of premium. The assets at Berth 4A are insured at replacement value as required by the insurance companies. To get the replacement values, the historic values are inflated every year by the inflation rates (max 10%). Any insurance below this value will amount to under insurance and in the unfortunate event of a claim, insurance will only pay pro-rata if there is under insurance. Moreover it is always preferable to insure at replacement value since the purpose of insurance is to get the equipment replaced in case of accident etc. Considering these points, good industry practice is to insure at replacement values rather than depreciated values for safer coverage. The license agreement conditions only protects the port in the event of loss whereas for a business which is continuing in nature the assets have to be insured at replacement costs for reasons stated above. The insurance premium rates (primarily for the port package policy) are driven by the rates prevailing in the international market year after year. While Indian Insurance Company has control on the general insurance rates like fire and other perils, they are dependent on the international re-insurance markets for the port package policy. The international rates depend upon the claim experience of the insurance

		companies globally in this sector and also on the claims lodged by Berth No 4A. However, in view of our big claim, we expect our rates to increase further. We have a good relationship and able to negotiate favorable rates and discounts with the insurance companies year after year much less than the increases that is prevalent internationally. In view of the foregoing it may be difficult to substantiate the increase in insurance premiums as requested. Since the cover is being taken with PSU Insurance Company, we believe that we are not paying high premiums. The charge to P&L account is based on the actual premiums paid net of discounts and only covers the assets with Berth No 4A.
8.	**<u>Other expenses:</u>**	
(i).	<u>Testing and survey charges</u> As the service is outsourced by ISHPL, the actuals for 2011-12 and 2012 13 and also the estimates of ISHPL for the years 2013-14 to 2015-16 to be substantiated with copy of contract supported with detailed workings.	The actual expenditure on Testing & Survey charges for FY: 2011-12 & 2012-13 has been updated. The present Agreement is valid up to 31st March 2014. Thereafter, fresh agreement will have to be executed. For which, the ISHPL has estimated the escalation @7% per year as notified by TAMP.
(ii).	<u>Photography expenses</u> The actual / estimated photography expenses considered in the cost statement for the years 2010-11 to 2015-16 to be justified with cost details supported by workings.	The actual expenditure up to FY: 2012-13 is updated in Cost statements and thereafter, the escalation @ 7% per year is estimated per year as notified by TAMP.
(iii).	During the last tariff review, the ISHPL was once again advised to come up with an Efficiency Linked Tariff Scheme (ELTS) in order to consider demurrage as admissible cost. (Para 17 (c) (ii) of Order dated 19 January 2011). However, the ISHPL has so far not come up with any such proposal. Hence, the cost statements to be revised excluding the demurrage expenses.	Demurrage payable in case of delay in the ship turn-round beyond agreed norms is to be reimbursed by ISHPL. On the basis of figures for the past years, ISHPL has considered demurrage amount for the projected years. Demurrage will be payable, if any ship is delayed, i.e., tariff is indirectly linked to performance.
9.	**<u>Depreciation:</u>**	
(i).	As per Clause 2.7.1 of tariff guidelines of March 2005, depreciation has to be calculated as per Straight Line Method following the life norms as per Companies Act or based on the life norms prescribed in the Concession agreement whichever is higher. With reference to the depreciation considered by ISHPL in the cost statement it is seen that the depreciation also includes amortization and obsolescence as revealed by the audited annual accounts for the years 2010-11 and 2011-12. The ISHPL to, therefore, clarify with regard to amortization considered in the depreciation. If any assets are removed from the books of accounts due to obsolescence, the profit on sale of such obsolete assets, if any, may be captured in the cost statement.	Sale of these obsolete assets are practically impossible and hence any profit on such sale does not arise.
(ii).	As recorded in Para 17(viii) of the last tariff Order dated 19 January 2011, depreciation on the replaced PLC/VVVF drive in ship unloaders was considered on Straight Line Method for the remaining useful life of the ship unloaders considering the life of ship	The detailed workings for computation of Depreciation of PLC / VVVF Drives are given below: (₹ in lakhs)

<table>
<tr><td></td><td>unloaders as 14 years as adopted by ISHPL commencing from the year 2004-05. In this context, the treatment given to the depreciation for the years 2010-11 to 2015-16 on the replaced PLC/VVVF drive in the cost statement to be furnished with detailed workings.</td><td>
<table>
<tr><th>Years</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>Total cost Siemens make PLC/ VVVF Drive systems</td><td>--</td><td>516.91</td><td>516.91</td><td>.516.91</td><td>.516.91</td><td>.516.91</td></tr>
<tr><td>Norms adopted</td><td colspan="6">Considering 14 years of useful life commencing
from the year 2004 - 05</td></tr>
<tr><td>Depreciation to be considered for Form – 4A</td><td>---</td><td>0.20</td><td>73.87</td><td>73.87</td><td>73.87</td><td>73.87</td></tr>
</table>
</td></tr>
<tr><td>(iii).</td><td>The ISHPL to confirm that the depreciation figures considered by it for the years 2010-11 to 2015-16 is in compliance of clause 2.7.1 of the tariff guidelines of March 2005.</td><td>The Depreciation as provided in the cost statement is in line with clause 2.7.1 of the Tariff guidelines of March, 2005.</td></tr>
<tr><td>10.</td><td><u>Management and Administrative overheads:</u></td><td></td></tr>
<tr><td>(i).</td><td>Please list out the items considered under Management and Administrative overheads.</td><td>These are the items considered in the estimates of General Administration Expenses”:
1. Salaries and Allowances
2. Contribution to PF & Gratuity
3. Staff Welfare
4. Photographic Expenses
5. Advertisement
6. Rent for Corporate Office at Kolkata
7. Telephone & Postage
8. Printing & Stationery
9. Travelling & Conveyance
10. Professional fee
11. Security Charges
12. Bank Charges
13. Miscellaneous Expenses
14. Bad Debts, if any</td></tr>
<tr><td>(ii).</td><td>The escalation factor of 6.50% considered in estimation of this expense for the years 2013-14 to 2015-16 over the respective estimates of previous years to be justified.</td><td>The escalation factor has been revised from 6.5% to 7% for estimation of expenses for the years 2013-14 to 2015-16 as per notified escalation factor by TAMP.</td></tr>
<tr><td>11.</td><td><u>Capital employed:</u></td><td></td></tr>
<tr><td>(i).</td><td>The ISHPL to furnish the details of additions to Gross Block shown in the cost statement to the extent of ₹517 lakhs and ₹425 lakhs under ‘Plant & Machinery’ for the years 2011-12 and 2012-13 respectively.</td><td>The expenditure of ₹517 Lakh (approx.) incurred for supply, installation and commissioning of Siemens make PLC/ VVVF Drive systems in both the ship unloaders as additions to Gross Block under “Plant & Machinery” as per details given below:

<table>
<tr><th>Particulars</th><th>₹ in lakhs</th></tr>
<tr><td>PLC / VVVF Drive System for Ship Unloader #1</td><td>264.55</td></tr>
<tr><td>PLC / VVVF Drive System for Ship Unloader #2</td><td>252.36</td></tr>
<tr><td>Total</td><td>516.91</td></tr>
</table>

Further, the above figures have been verified & certified by the Statutory Auditors.

Whereas, ₹425 Lakh was on account of D G Sets which could not be included to Gross Block of Fixed Assets due to non-completion of certain</td></tr>
</table>

		Statutory formalities. ISHPL expects to complete D G Sets in FY 2013-14 and has included in the Gross Block of Fixed Assets in FY: 2013-14.
(ii).	Likewise, ISHPL to furnish the details of ₹261 lakhs shown as deletion from Gross Block shown in the cost statement for the years 2011-12 under 'Plant & Machinery'.	₹261 Lakh shown as deletion from the Gross Block of Fixed Assets is due to the replacement of obsolete Alstom make PLC / VVVF Drive Systems of both the Ship unloaders for which there is unlikely to be any salvage value. Further, the above figures have been verified & certified by the Statutory Auditors.
(iii).	The ISHPL has envisaged capital expenditure of ₹425 lakhs and ₹80 lakhs in the year 2012-13 and 2013-14 respectively towards DG sets and installation of high mast towers. Status of these two capital works to be furnished with the documentary proof. It is to be confirmed whether the cost of DG sets has been capitalized in the year 2012-13, if commissioned in the year 2012-13.	Status of D G Sets has been provided in Para (ii) above. Further during the period under review, ISHPL has increased the illumination at certain sensitive areas and this additional illumination seemed to be adequate and hence the plan for installation of high mast tower for lighting was kept in abeyance
(iv).	The ISHPL has stated in its covering letter about the stack yard extension in the year 2014-15 at ₹350 lakhs. In this regard, the ISHPL to clarify / furnish the following:	
	(a). Justification for extension of stack yard when the traffic estimated by ISHPL is only at 2.30 million tonnes each in the year 2014-15 and 2015-16. It is noteworthy that ISHPL has handled around 3.29 Million tonnes in the year 2009-10 with the existing stack yard capacity.	A plot of land within the licensed premises had been earmarked by ISHPL for expansion of stack yard. However, this was required to be occupied by the two D. G. Sets in view of advice from statutory bodies / supplier as it was felt that the plot earmarked for D G Sets was not suitable. Hence, it was not possible to implement expansion of stack yard as the plot of land now available within the premises was not found to be suitable.
	(b). Additional land, if any, proposed to be obtained from the KOPT for extension of the stack yard.	
	(c). The treatment given in the cost statement for the amount of ₹350 lakhs and the license fee payable to the additional land for extension of stack yard.	
	(d). The basis for the estimate of ₹350 lakhs considered for extension of stack yard along with cost details.	
(v).	The cumulative depreciation furnished in Form 4A at the end of the previous year 2010-11 for Railway Yard and for Plant & Machinery at the end of year 2011-12 differs from the relevant schedules forming part of Balance Sheet. The ISHPL to clarify.	The Revised Proposal takes into account the actuals for the year 2010-11 and 2011-12. The revised proposal reflects the position.
(vi).	With reference to current assets, the ISHPL to furnish / clarify the following:	
	(a). As regards Sundry Debtors, the ISHPL, in its letter dated 9 November 2012, has stated that ISHPL has considered 70% of dues from SAIL for 15 days as Debtors outstanding. As per Clause 1.2 General Terms & Conditions of the existing and proposed SOR of ISHPL, the cargo related charges shall be paid before the goods are removed. Hence, the question of considering value of sundry debtors in working capital does not arise. As per the norms, two months' estate income and two months' terminal charges payable by Indian Railways are the limit for allowable sundry debtors. However, Authority's Order	Unlike major ports, ISHPL does not operate any railway system and also does not have large estate to be let out. Hence apparently the estate rentals and terminal charges are not strictly relevant in our case. Though normally cargo and vessel related charges are recovered in advance by major ports. ISHPL recovers only berth hire charges in advance and bills cargo related charges to port users. Sundry debtors have been estimated on the basis of anticipated credit period and hence, this may be allowed. Further, the Authority in its Order dated 19th January 2011 allowed One month's average lease rent payable to HDC, KOPT based on

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<td>dated 30 September 2008 permits the outflow of certain items arising from contractual obligations of LA to be taken as a part of sundry debtors. Accordingly, the Authority in its Order dated 19th January 2011 allowed one month’s average lease rent based on the annual lease rent actually paid by the ISHPL for the relevant years, as the value of ‘sundry debtors’. In this backdrop, the ISHPL to furnish the details of prepayment/ advances made, if any, to the Licensor as per the LA for all the years under consideration.</td>
<td>annual lease rent paid / payable by ISHPL for the relevant years as the value of Sundry Debtors.

Apart from above, it is worth to mention here that as per the terms of the concession agreement ISHPL furnished a Bank Guarantee for ₹10 Crores to KOPT towards payment obligations. This Bank Guarantee was en-cashed by HDC, KOPT, during the FY: 2009-10 against a disputed payment obligation. Since this is disputed by ISHPL as not payable to KOPT as per the Licence Agreement this amount is shown as Advance paid to HDC, KOPT under protest. As per Revised Tariff guidelines this is neither an expenditure nor can be adjusted presently as expenditure for future years. Moreover since ISHPL is still of the view that it is not payable and is a wrongful encashment by HDC, KOPT, therefore it may be adjusted with the Royalty payable to HDC, KOPT for future years. Hence, it can be suitably taken as Prepayment / advance against Royalty for all the future years under review.</td>
</tr>
<tr>
<td></td>
<td>(b). The working done for arriving at actual value of inventory considered in Form-4A for the years 2010-11 and 2012-12 and for the estimated amount for the year 2012-13 to be furnished. In this regard, ISHPL to follow the norms prescribed in Clause 2.9.9 of the tariff guidelines of March 2005. Similar working to be furnished for the year 2013-14 to 2015-16.</td>
<td>The cost of Inventory is in line with the norms as prescribed under the clause 2.9.9 of the Tariff Guidelines of March, 2005. The details / workings of the same are given below:

<table>
<tr><th>Years</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>Actual / Estimated Consumptions of Spares (Annually)</td><td>245.66</td><td>273.11</td><td>301.53</td><td>330</td><td>330</td><td>330</td></tr>
<tr><td>Norms as per Clause 2.9.9</td><td colspan="6">six months’ average consumption of stores excluding fuels</td></tr>
<tr><td>Inventory allowed/ to be considered for Form – 4A</td><td>122.83</td><td>136.55</td><td>150.77</td><td>165</td><td>165</td><td>165</td></tr>
</table></td>
</tr>
<tr>
<td></td>
<td>(c). It is observed that there is a variation in the amount of actual cash balance shown in Form – 4A and the figures appearing in the audited annual accounts for the years 2010-11 to 2011-12. The ISHPL to clarify.</td>
<td>This aspect has been reviewed in the Revised Proposal.</td>
</tr>
<tr>
<td>(vii).</td>
<td>With reference to the Working Capital shown in the cost statement for the years 2010-11 to 2015-16, the ISHPL to furnish/ clarify the following:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(a). The amount of estimated sundry debtors for the years 2010-11 to 2015-16 shown in Form – 4A to be reviewed in the light of the observation made at Para vi (a) above by us.</td>
<td>Refer reply made at Para (vi) (a) above.</td>
</tr>
<tr>
<td></td>
<td>(b). With reference to the estimated inventory of ₹118 lakhs, ₹127 lakhs and ₹118 lakhs for the years 2010-11 to 2012-13 respectively, the ISHPL to justify the same with workings following the norms prescribed in Clause 2.9.9. of the Tariff Guidelines of March 2005.</td>
<td>Refer reply made at Para (vi) (b) above.</td>
</tr>
<tr>
<td></td>
<td>(c). Loans & Advances (DG Sets & Security Deposit) considered as part of Working Capital for the years 2010-11 to 2015-16 to be justified keeping in view the tariff</td>
<td>In respect of D G Sets, the same will be capitalized in FY: 2013-14 and hence TAMP should consider all the payments made as advances against supply of D G Sets and</td>
</tr>
</table>

	guidelines of March 2005.	accessories during FY: 2010-11 & FY: 2011-12 under the head Loans & Advances. Further, during the FY: 2012-13, it has booked under the head "Capital Work in Progress pending certain statutory formalities to be over to include in the Gross Block of Fixed Assets. As regard to Security Deposit, it is mandatory deposit for obtaining land under lease / Way Leave License from HDC, KOPT as per License Agreement. Hence, ISHPL strongly feels that this need to be considered appropriately under the head Loans & Advances by TAMP. ISHPL trust, HDC, KOPT will also support this view taken by ISHPL.
12.	**<u>Scale of Rates:</u>**	
(i).	It is seen from the proposed Draft Scale of Rates that the increase sought by ISHPL is in the range of 15% to 72% in the cargo handling charges and no increase is sought in the tariff item relating to quarterly survey of stock. In this connection, the ISHPL to furnish an analysis with workings to show that the cost position reflected by the subactivity-wise cost statements namely cost statement for wharfage/ on-board stevedoring, cost statement for handling, and cost statement for transportation / delivery can be correlated with the percentage of increase sought in various tariff items and status quo sought in the tariff item relating to Quarterly Survey of Stock. It is to be noted that in the absence of such analysis and workings, increase or decrease may have to be ordered depending on the financial / cost position, 'across the board' for the cargo handing activity as a whole.	The Revised SOR is furnished. The increase sought in the Revised Proposal is reasonable with reference to the estimated cost based on the past experience.
(ii).	The Berthing activity shows an average deficit of around 110% for the years 2013-14 to 2015-16 as per the cost statement furnished by ISHPL for that activity. That being so, the reason for seeking 7% increase over the existing rate of Berth hire to be explained with the basis for 7% increase sought.	The Revised SOR is furnished.
(iii).	The penal rate of interest proposed in Clause 1.2(ix) under General terms & conditions may be updated with the prevailing Prime Lending Rate (PLR) of State Bank of India.	The ISHPL desires to follow State Bank of India as the reference bank. The ISHPL has amended the relevant clause suitably.
(iv).	The increase of 7% sought in the minimum berth hire charges to be justified.	The Revised SOR is furnished. Further, the average GRT is 40,021 and the average stay of the vessel at the Berth No. 4A is about 52 hours. This translates in to a berth hire amount of (40021 X 0.0040 X 52) = US$ 8324.37. As compared to this, the increase sought in the minimum Berth Hire Charge of US$400 is not excessive.
(v).	As per the wharfage schedule and Shore Handling schedule prescribed in the existing SOR of ISHPL, levy of wharfage charges covers the activity of transfer of cargo upto 2nd Transfer Point (TP-2) and the levy of Shore Handling charges covers the activities commencing from conveying the cargo from TP-2 to the stack yard in ISHPL premises.	The Revised Proposal is furnished after amending the clause suitably.

	That being so, the reason for extending the scope of levy of wharfage charges to transfer of cargo upto stack yard in the proposed Scale of Rates is not clear. Since the Schedule of Shore handling charges in the proposed SOR covers the activity of conveying the cargo from TP-2 to the stack yard in line with the existing arrangement, the proposed wharfage schedule to be amended in tandem with the existing wharfage schedule.	
(vi).	In the Schedule of Shore Handling charges prescribed in the existing SOR of ISHPL, coastal rate has been prescribed. The reason for not proposing coastal rate for shore handling charges to be furnished.	The Revised Proposal is furnished.
(vii).	In the Schedule of Delivery charges, ISHPL has proposed 72% increase in charges for delivery of cargo by loading trucks by conventional method. The justification for such steep increase to be furnished with cost details.	The Proposed increase in charges for delivery of Cargo by loading trucks through conventional method is due to steep increase in fuel cost, labour charges, maintenance charges including tools & tackles and is based on market trends.
(viii).	As stated earlier, the ISHPL has proposed a new tariff item namely "Providing manpower for manual sampling, Packing & delivery of Gunny Bags as per instructions of consignee". In this connection, the ISHPL to;	The clause is deleted.
	(a). Justify the proposed rate of ₹10 per tonne supported by cost of providing man power for the said activity.	
	(b). Furnish estimated additional income arising out of the proposed charges yearwise for the year 2013-14 to2015-16.	

9. The KOPT was requested to furnish its specific comments on some points on the ISHPL proposal vide our letter dated 30 May 2013. The KOPT has responded vide its letter dated 04 November 2013. The response of the KOPT was forwarded to the ISHPL for its comments. The ISHPL vide its letter dated 9 December 2013 has responded to the comments of KOPT. The points raised by us, the response of the KOPT and the reply of ISHPL thereon are tabulated below:

Sr. No.	Specific points raised by us	Response of KOPT	Reply of ISHPL
(i).	Proposed capital expenditure of ₹350 lakhs by the ISHPL during the year 2014-15 towards stack yard extension.	ISHPL has not submitted any plan for extension of stack yard indicating details and/or costs thereof. Although as per requirement under TAMP's procedure, ISHPL has not furnished any information in Form-4B (Details of additions to Gross Block) in respect of the indicated stack yard extension. As such, KOPT is not in a position to offer any comments on the issue.	A plot of land within the licensed premises had been earmarked by ISHPL for expansion of stock yard. However, this site had to be allocated for installation of two D.G. sets was not suitable. Hence it was not possible to implement expansion of stock yard.
(ii).	The estimated lease rental furnished in the cost statement by the ISHPL for the years 2012-13 to 2015-16.	As per KOPT books of accounts, the actual estate rentals paid by ISHPL (excluding Service Tax during 2011-12 and 2012-13 are as below: 2011-12 ₹4.18 crore 2012-13 ₹4.39 crore Further, considering the above actual payment against bills raised and provision of the License Agreement entailing 5.1% increase	The difference, if any, in the estimated lease rental furnished by ISHPL in the cost statement of Revised proposal and as per KOPT estimate may be due to rounding off.

		in rate every year, the estate rental payable by ISHPL for 2013-14 to 2015-16 as per KOPT estimate are as below: 2013-14 ₹4.62 crore 2014-15 ₹4.85 crore 2015-16 ₹5.10 crore	

10. A joint hearing in this case was held on 07 August 2013 at the Kolkata Port Trust (KOPT) premises. At the joint hearing, the ISHPL, KOPT as well as the users have made their submissions.

11.1. During the joint hearing, the ISHPL expressed its desire to rework its tariff proposal. After reminder, the ISHPL vide its letter dated 11 November 2013 has filed its revised proposal. The main points made by ISHPL in its revised proposal are summarized below:

(i). The financial projections is based on traffic of 2.75 million tonnes each for the years 2013-14 to 2015-16.

(ii). As regards the mix between coastal cargo and import cargo, it is assumed to handle 10% of coastal cargo during FY 2013-14, 15% in the year 2014-15 and 25% in the year 2015-16.

(iii). The projected costs for the financial years 2014 to 2016 are based on current actual adjusted for volume and average inflation of 7% as specified in TAMP circular.

(iv). Royalty has been considered as per LA based on the existing Scale of Rates at KOPT. In case, KOPT's Scale of Rates undergo revision, corresponding revision need to be made in the projection of royalty cost in ISHPL proposal.

(v). Insurance claim received during the FY 2012-13 for the repair jobs for ship unloaders undertaken during FY 2011-12 has been adjusted with the Repair & Maintenance cost in the cost statements.

(vi). DG set could not be capitalized during last year pending certain statutory formalities. The statutory formalities are getting completed during the current year and consequently the capitalization will happen during the current year 2013-14.

(vii). On the basis of the existing tariff, the terminal will result in a deficit even after the adjustments made as per TAMP guidelines. The terminal will still have an average deficit over 12% warranting the minimum increase that ISHPL has sought from this Authority.

11.2. A comparative position between the estimated financial/ cost position at the existing level of tariff as shown in the consolidated income and cost statements furnished by the ISHPL in its original proposal dated 9 November 2012 and updated proposal dated 11 November 2013 are summarized below:

(₹ in lakhs)

Sl. No.	**Particulars**	**Original proposal dated 9 November 2012**			**Revised proposal dated 11 November 2013**		
		2013-14	**2014-15**	**2015-16**	**2013-14**	**2014-15**	**2015-16**
1.	Traffic (in million tonnes)	2.3	2.3	2.3	2.75	2.75	2.75
2.	Operating income	5068	4882	4882	6671	6558	6328
3.	Net surplus / deficit after return	- 1737	-2042	-2145	- 573	-889	-1211
4.	Net deficit as a percentage of operating income	(-) 13.8%	(-) 41.8%	(-) 43.9%	(-) 3.6%	(-) 13.6%	(-) 19.1%
5.	Average net deficit as a percentage of operating income	(-) 33.17%			(-) 12.1%		

11.3. The ISHPL has also modified the rates proposed by it in its original proposal dated 9 November 2012. A comparative position between the rates proposed in the original proposal and revised proposal under main tariff categories are tabulated below:

Sl.	**Main tariff category**	**Existing**	**Original proposal dated**	**Revised proposal dated**

No.		rates (₹)	9 November 2012		11 November 2013	
			Rates proposed (₹)	% of increase sought	Rates proposed (₹)	% of increase sought
1.	Berth Hire (US $)	0.0028	0.0030	7%	0.0040	43%
2.	Supply of manpower & mobile equipment	9.57	12.40	30%	10.05	5%
3.	Wharfage	78.30	102	30%	82.22	5%
4.	Shore handling charges	91.35	128	40%	114.19	25%
5.	Delivery charges	30.45	36	18%	31.97	5%
6.	Ground rent	43.50	50	15%	50	15%
7.	Loading, reloading & restacking	17.40	30	72%	30	72%

11.4 Based on a scrutiny of the revised proposal, the ISHPL was requested vide our letter dated 09 January 2014 to furnish the additional information/ clarification arising out of its revised proposal. Inspite of reminders, the ISHPL has not responded to the additional queries till the finalization of the case. The additional information/ clarification sought from ISHPL on its revised proposal are as follows:

(i). The ISHPL, in its revised proposal dated 11 November 2013, has projected the traffic at 2.75 million tonnes for all the three years viz., 2013-14 to 2015-16 without considering any volume growth. The ISHPL to furnish the reason for projecting constant traffic for all the three years from 2013-14 to 2015-16.

(ii). The ISHPL was requested vide our letter of even number dated 30 May 2013, inter alia, to furnish the breakup of actual "other income" realized on account of rendering miscellaneous (optional) services during the years 2010-11 and 2011-12 amounting to ₹1049 lakhs and ₹1290 lakhs respectively. The ISHPL in its response under cover of its letter dated 11 November 2013 has not furnished the requisite details. Further, it is seen from the updated proposal of ISHPL that it has realized "other income" of ₹2170 lakhs during the year 2012-13 and it has estimated income of ₹754 lakhs on this account for each of the subsequent three years 2013-14 to 2015-16. In this backdrop, the ISHPL to explain the reason for estimating 'other income' for the years 2013-14 to 2015-16 at 65% lower as compared to the actual 'other income' for the year 2012-13. The ISHPL is to furnish the workings of actual "other income" for the years 2010-11 to 2012-13 stating therein the item of charge, the rate applied and the volume of cargo to which the rate is applied.

(iii). With respect to information sought by us vide our letter dated 30 May 2013, *inter alia*, towards insurance cost and in response the clarification furnished by the ISHPL under cover of its letter dated 11 November 2013, the following to be furnished:

(a). At Sr.No.I-E(iii) for Operating Cost, the ISHPL has shown an amount of ₹2.13 lakhs, ₹2.46 lakhs and ₹3.62 lakhs towards the insurance premium paid for loss of profit policy for the years 2010-11, 2011-12 and 2012-13 respectively in the 'Statement reconciling the Expenses/ Income as per Cost statement with the Annual Accounts'. The ISHPL to substantiate the position with documentary evidence.

(b). It is seen from the details furnished by the ISHPL at Sr.No.I-E.(7)(i)(a) for Insurance Cost for the year 2012-13 that the total net premium for the three policies viz., Port package policy (₹135.99 lakhs), General fire and allied perils and consequential loss of profit policy (₹17.18 lakhs) and special policy on coal stock (₹6.40 lakhs) works out to ₹159.57 lakhs whereas the annual accounts reflects an amount of ₹157.60 lakhs towards insurance cost for the year 2012-13. The ISHPL to reconcile the difference.

(c). In the details furnished by the ISHPL at Sr. No. I-E.(7)(ii) for three insurance policies for the year 2013-14, an amount of net premium of ₹137.95 lakhs for the port package policy is shown. However, it is seen from the copy of Port package policy No.111900/22/2014/124 furnished by the ISHPL for the year 2013-14 that the annual premium for port package policy excluding service tax is ₹135.98 lakh. The ISHPL to clarify in this regard.

(iv). During the last review, the ISHPL had furnished a copy of work order dated 27 August 2010 placed on a private party for ₹236 lakhs for PLC/VVVF drive for one ship unloader. In the revised proposal dated 11 November 2013, the ISHPL has, in Form 4A for Capital Employed, considered ₹517 lakhs for 2 PLC/ VVVF drives as addition to the gross block towards PLC/ VVVF drives during the year 2011-12. Further, the ISHPL has, in the detailed workings furnished at Sr. No. I-E(9)(ii), considered ₹0.20 lakh depreciation for the year 2011-12 and ₹73.87 lakh for each of the years 2012-13 to 2015-16 for PLC/ VVVF drives. In this regard, the ISHPL to furnish the detailed calculation for depreciation charged for both the PLC/ VVVF drives for each of these years.

12.1. As decided at the joint hearing, the ISHPL was requested to forward a copy of its revised proposal to the KOPT as well as to the concerned users. The KOPT and the users were requested to furnish their comments on the revised proposal of ISHPL to this Authority and with a copy endorsed to ISHPL. The ISHPL was requested to furnish its comments on the comments of the users/ user organisations.

12.2. As stated earlier, the ISHPL vide its letter dated 11 November 2013 has filed its revised proposal. Since the revised proposal of ISHPL did not make a mention about ISHPL forwarding a copy of its revised proposal to the KOPT as well as to the concerned users, the ISHPL was requested vide our letter dated 19 November 2013 to confirm the circulation of its revised proposal dated 11 November 2013 to KOPT and to the concerned users/user organizations. After a reminder dated 6 December 2013, the ISHPL vide its letter dated 9 December 2013 has confirmed the circulation of its revised proposal to KOPT and the concerned users/ user organizations.

12.3. Some of the users viz., Indian National Shipowners Association (INSA), Steel Authority of India (SAIL) and KOPT have furnished their comments on the revised proposal. These comments have been forwarded to the ISHPL as feedback information. The ISHPL did not respond either to the comments of the users or of the KOPT till the finalization of the case, inspite of reminders.

13. 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.

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

(i). The existing Scale of Rates of the International Seaports (Haldia) Private Limited (ISHPL) was last revised vide Order dated 19 January 2011 with a tariff validity upto 31 March 2013. Vide the said Order, an increase of 11% in the then existing berth hire charges of ISHPL was granted and status quo in the rates of other tariff items was maintained.

The validity of the Scale of Rates of ISHPL stands extended till 30 June 2014 or the date of effect of the revised Scale of Rates, whichever is earlier, subject to fully adjusting the additional surplus, if any, over and above the admissible cost and permissible return accruing to the ISHPL for the period post 1 April 2013 in the tariff to be determined.

(ii). The ISHPL filed its proposal for general revision of its Scale of Rates in November 2012. This proposal was taken up for consultation with the relevant users. During the processing of the case, since the financial year 2012-13 was already over, the ISHPL was requested to update the cost statements with actuals for the year

2012-13. The ISHPL was also requested to review the estimates for the years 2013-14 to 2015-16 based on the actuals for the year 2012-13. Further, during the joint hearing held on 07 August 2013, the ISHPL expressed its desire to rework its tariff proposal based on the actuals for the year 2012-13; and filed a revised proposal in November 2013, based on the actuals for the year 2012-13 and in the light of the queries raised by us. The revised cost statements furnished by the ISHPL under cover of its letter dated 11 November 2013 along with the submissions made by ISHPL during the processing of the case, are considered for the purpose of this analysis.

(iii). The general revision of the Scale of Rates of all major port trusts and private terminals operating thereat is required to be carried out following the stipulations contained in the tariff guidelines of March 2005. The extended validity of the tariff guidelines of March 2005 had expired on 30 September 2013. This Authority took up the matter with the Ministry of Shipping (MOS) vide letter dated 28 September 2013 followed by reminders, requesting the MOS to advise this Authority on the tariff guidelines to be followed by this Authority beyond 30 September 2013 to dispose of the tariff proposals filed by the Major Port Trusts including KOPT and private terminals operating thereat. The MOS vide its letter dated 13 December 2013 has extended the validity of the 2005 Guidelines till 31 March 2014. Since the tariff of the Licensor port (KOPT) would have a bearing on the cost position of ISHPL (as royalty of ISHPL depends on the tariff of KOPT), the general revision proposal of KOPT was taken up first and disposed in February 2014. Subsequently, the revised proposal of ISHPL of November 2013 was taken up for finalization. Incidentally, the validity of tariff guidelines of March 2005 has been extended till 30 June 2014 as directed by the MOS.

(iv). Clause 2.13 of the tariff guidelines of 2005 mandates review of the actual physical and financial performance of the port at the end of the prescribed tariff validity period with reference to the projections relied upon at time of fixing the prevailing tariff. The last review of the Scale of Rates of ISHPL was done in January 2011. Vide the Order of January 2011, the tariff for the ISHPL was fixed for the years 2010-11 to 2012-13, by relying upon the estimates for the said years. Thus, the estimates vis-à-vis actuals for the years 2010-11 to 2012-13 is to be analysed to assess the past performance of ISHPL. The physical and financial performance of ISHPL in the past period are discussed below:

(a). The aggregate of the actual traffic handled by ISHPL during the three year period from 2010-11 to 2012-13 works out to 7.48 million metric tonnes as against the estimated traffic of 7.30 million metric tonnes, registering a marginal positive variation of 2.47%.

As recorded at para 17(v) of its Order of January 2011 if any significant variation in the coastal share estimated in the total traffic is found, the benefit accruing to ISHPL on account of such variation will be set off fully in the next review of its tariff.

In this connection, it is relevant here to mention that as against the percentage of coastal traffic relied upon in the tariff order of January 2011 for the years 2010-11 to 2012-13 at 25%, 35% and 45% respectively, the actual percentage of coastal traffic is seen to be about 12%, 2% and 0% for the respective years. In this regard, it is noteworthy that though there is a variation between the estimates and actuals of the coastal traffic, the overall traffic variation is seen to be only a marginal positive variation of 2.47%, as discussed earlier. Since the coastal cargo is a constituent of the total cargo traffic and since it is not the practice to assess the variation in the individual cargo items in the total cargo mix in the tariff cases of all Major Port Trusts and Private Terminals operating thereat decided so far, the actual surplus of the ISHPL after taking into account the admissible costs and permissible return which would also reflect the impact of the variation in the cargo mix of the traffic, as assessed for the years 2010-11 to 2012-13 and as discussed in the subsequent paragraphs, is set off as per the stipulation contained in the tariff guidelines of 2005, in the current tariff cycle i.e. 2013-14 to 2015-16.

(b). The operating income viz., the cargo handling income as well as the vessel related income as reported in the audited annual accounts of ISHPL for the years 2010-11 to 2012-13 is considered in this analysis.

Though the annual accounts for the years 2010-11 to 2012-13 reflect the vessel related income at ₹337.63 lakhs, ₹231.03 lakhs and ₹380.06 lakhs respectively, the vessel related income considered by the ISHPL in the cost statement for the said three years is seen to be at a lower level of ₹263.64 lakhs, ₹195.38 lakhs and ₹340.58 lakhs. The difference of ₹73.99 lakhs, ₹35.65 lakhs and ₹39.48 lakhs for the said years respectively appears to be the income attributable to the ISHPL from the parking and double banking of vessels. The income from double/ triple banking operations has been seen as a part of estimated vessel related income for ISHPL considered in the last general revision of its tariff. That being so, there is no reason to exclude the income actually realized from double/triple banking operation from the analysis. Therefore, the higher level of vessel related income as reflected in the audited annual accounts during the years 2010-11 to 2012-13 is considered in the analysis. If there is problem between ISHPL and KOPT in realization of the income from double/triple banking of vessels, the matter is to be settled between them. Tariff fixation exercise cannot ignore an income captured in the audited accounts when the ISHPL is of the firm view that this item of income is its rightful due from KOPT. The doubt raised by the KOPT regarding the difference in the vessel related income shown in the cost statement as well as Annual Accounts for the years 2010-11 to 2012-13, is on account of ISHPL not capturing the income from double banking/ parking in the Cost statement.

The tariff fixing exercise also cannot recognize the discounts/ rebates allowed by the private operator at his discretion. In this connection, the ISHPL has not responded to the specific query requesting it to furnish the details of the rebates and discounts, if any, allowed by ISHPL during the years 2010-11 to 2012-13. However, based on the coastal and foreign cargo traffic at ISHPL during the years 2010-11 to 2012-13 and taking into account the tariff prescribed in the Scale of Rates of ISHPL, it is seen that the cargo handling income as reflected in the Annual Accounts is as per the existing Scale of Rates of ISHPL. Therefore, the question of factoring of the impact of the rebates and discounts does not arise.

The KOPT has stated that the income from optional services (other income) is in excess of rates approved by this Authority. While the 'other income' estimates for the period 2013-14 to 2015-16 furnished by ISHPL are found to be as per the rates prescribed in the existing Scale of Rates, the position in this regard for the past period i.e. 2010-11 to 2012-13 could not be verified in the absence of workings not furnished by ISHPL, in spite of repeated requests made to it. The ISHPL is advised to refrain from charging rates higher than that approved by this Authority, if it so charges, for rendering the various services, which would be violation of Statute.

Further, to have a like to like comparison between the actuals and the estimates, the estimated income for the period from the effective date of implementation of the Order dated 19 January 2011 to 31 March 2013 is modified to reflect the increase in the berth hire charges granted.

For the purpose of analysis of past performance, the interest income earned by the ISHPL is not taken into account in line with the approach adopted in respect of other tariff cases of major port trusts and private terminals. Since the provision of expenses is not treated as an item of expenditure, the amount of provision added back is also not treated as an item of income. Thus, the Other income to the tune of ₹2.40 lakhs, ₹4.11 lakhs and ₹17.82 lakhs as reflected in the Annual Accounts for the years 2010-11 to 2012-13 is considered in the analysis.

(c). The finance expenses i.e. interest expenses reflected in the Annual Accounts for the years 2010-11 to 2012-13 are excluded in line with the approach adopted in respect of other tariff cases of major port trusts and private terminals.

The ISHPL has stated to have not taken into account the Insurance cost on Loss of profit policy amounting to ₹2.13 lakhs, ₹2.46 lakhs and ₹3.62 lakhs for the years 2010-11 to 2012-13 respectively. In this connection, it is relevant here to mention that Clause 7.1 (y) of LA requires the ISHPL to purchase and maintain insurance to cover against loss, damage, destruction of the berth, the terminal area and the ancillary facilities on the terminal for replacement at market value. Insurance cover taken for loss of profit is not as per the LA. It is also relevant to mention here that the while fixing the tariff at ISHPL and Chennai International Terminal Private Limited (CITPL) in the past, the premium towards insurance cover taken for 'loss of profit' was not allowed as admissible expenses. Therefore, based on this position the approach adopted by ISHPL in not considering the Insurance cost on Loss of profit policy is accepted.

The cost item 'Other Expenses' in the Cost statement of ISHPL includes the Demurrage cost. During the last tariff review in January 2011, the ISHPL was advised to come up with an Efficiency Linked Tariff Scheme (ELTS) in order to consider demurrage as admissible cost. However, the ISHPL has so far not come up with any such proposal. Hence, in line with the approach adopted during the previous tariff reviews of ISHPL, the demurrage is not treated as an admissible item of expenditure in the current tariff revision exercise also.

(d). In the case of ISHPL in the past, 91.33% of revenue share/ royalty of ISHPL, being the percentage of the NPV of the revenue streams quoted by second highest bidder as compared to that of ISHPL, has been allowed as a pass through, in accordance with the provisions of clause 2.8.1 of the tariff guidelines of March 2005. Following the same approach, 91.33% of the actual royalty reported in the audited annual accounts for the years 2010-11 to 2012-13 has been considered as pass through in the past performance analysis. The dispute between KOPT and ISHPL in this regard is not gone into.

(e). Write off of the preliminary expenses to the tune of ₹0.76 lakhs for each of the years 2010-11 to 2012-13 is also taken into account.

(f). During the last revision of tariff of ISHPL in January 2011, the estimated cost relating to carrying out structural repairs in respect of 2 ship unloaders aggregating at ₹500 lakhs was considered as a Deferred Revenue Expenditure and was written off over a period of 7 years commencing from 2011-12. The unamortised portion of the deferred revenue expenditure in respect of the two ship unloaders was considered under capital employed for the purpose of allowing return. In the current tariff revision, the ISHPL in its initial proposal has stated to have adjusted the repair expenses of ship unloaders as deferred expenditure over a period of 7 years as directed by this Authority. However, in the absence of necessary workings relating to calculation of depreciation in the proposal of ISHPL, the said position could not be verified. The submission made by ISHPL in this regard is relied upon.

(g). The ISHPL has considered the depreciation on the obsolete items under the Finance and Miscellaneous expenses in the Cost statement.

(h). As per the 2005 guidelines, the Capital employed comprises of Net Fixed Assets and Working Capital. The net block of assets as considered by the ISHPL in its Cost statement for the years 2010-11 to 202-13 is as per the Annual Accounts for the respective years and thus, considered in the analysis. Clause 2.9.9 of the tariff guidelines of March 2005 prescribes norms for admissibility of working capital. The details of working capital considered in this exercise are as follows:

(i). Sundry Debtors are not taken into account, as it was not considered as part of Current assets in the earlier general revision of tariff of ISHPL. However, the prepayments and advance to be made by the private operators as per the license agreement to the respective licensor port is recognized as the limit for sundry debtors to the extent they are otherwise permissible as pass through, based on a Common Order of September 2008 passed by this Authority. In the last general revision of ISHPL, one month's average lease rent based on the annual lease rent actually paid by the ISHPL was allowed. The same position is maintained in this analysis of past performance also.

(ii). The ISHPL has stated that the inventory considered by it is in line with the norms prescribed as per clause 2.9.9 of the tariff guidelines of March 2005. Based on the actual annual consumption of stores and spares for the years 2010-11 to 2012-13, it has arrived at the amount of inventory based on the six months consumption. The annual accounts do not give the details of actual value of consumption of stores & spares during the said years. However, based on the confirmation furnished by the ISHPL that the consideration of inventory is as per the 2005 guidelines, the amount as furnished by the ISHPL is relied upon in the analysis.

(iii). Cash balance has been calculated at one month's operating expenses including overheads, as is done in the case of other major port trusts and private terminals.

(iv). Further, the ISHPL has considered an amount of ₹10 crores each during the years 2013-14 to 2015-16 towards Advance paid to HDC under protest against Royalty. From the submissions made by the KOPT and ISHPL, it is seen that the KOPT has encashed the Security Deposit Bank Guarantee worth ₹10 crores due to a reported dispute between the ISHPL and the KOPT on the Royalty amount. Since the dispute has not been resolved, the ISHPL has considered the amount of ₹10 crores as Prepayment/ advance against Royalty under current assets for the purpose of working capital for the years 2013-14 to 2015-16. The issue is between the KOPT and the ISHPL. This Authority will not like to go into the matter. The said component has not been considered by us in our calculations, as the tariff guidelines of 2005 do not provide for the same.

(v). Tariff Guidelines do not prescribe any norm for current liabilities. Therefore, the value of current liabilities as furnished by the ISHPL for the years 2010-11 to 2012-13 are considered without any change.

(vi). Considering the moderated current assets and current liabilities as furnished by the ISHPL and since the Current Liabilities is found to be more than the Current Assets, the Working Capital results in a negative figure for the years 2010-11 and 2011-12 and hence considered as 'Nil'. For the year 2012-13, the working capital works out to ₹394.62 lakhs, which is considered for the purpose of allowing return.

(i). Thus, the Capital Employed works out to ₹6876.66 lakhs, ₹6528.31 lakhs and ₹6040.55 lakhs for the years 2010-11 to 2012-13 respectively.

(j). In the last tariff Order, Return on capital employed was allowed at 16% for the years 2010-11 to 2012-13. Considering the capacity of the terminal at

3.00 million tonnes per annum, the actual capacity utilization during the years 2010-11 to 2012-13 works out to 96.67%, 60.97% and 91.53% respectively. Accordingly, return on capital employed for the said three years is allowed at the rate of 16%.

(v). (a). A statement showing the analysis of the performance of ISHPL for the years 2010-11 to 2012-13 is attached as **Annex - I**. 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 of the Estimates relied upon in the last Order for the years 2010-11 to 2012-13	Aggregate of Actuals for the years 2010-11 to 2012-13	% Variation
Traffic (in MTs)	73.00	74.75	2.40%
Op. Income	* 15,588.20	20,866.44	33.86%
Total Exps (incl. Depn)	14,620.84	16,165.89	10.57%

* The operating income estimates are adjusted to reflect the increase of 11% in the berth hire charges granted in the January 2011 Order.

The details regarding the Actual Return earned by ISHPL on the Capital Employed are given in the following table:

Particulars	2010-11	2011-12	2012-13	Average
Actual Surplus (deficit) before Return earned by ISHPL	1,650.52	518.18	2,410.19	1526.30
Actual Capital Employed	6,876.66	6,528.31	6,040.55	6481.84
Return on actual capital employed at eligible rate of 16%	1100.266	1044.53	966.4877	1037.09
Actual Return on Capital Employed	24.00%	7.94%	39.90%	23.55%

(b). 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 can be seen from the above tables, the actual financial performance is seen to be more than 20%. Therefore, in terms of the stipulation contained in Clause 2.13, there is a case to adjust 50% of the past surplus pertaining to the years 2010-11 to 2012-13 in the current tariff cycle of ISHPL.

(c). A summary of the surplus/ deficit position after admissible cost and permissible return for the years 2010-11 to 2012-13 is given below:

(₹ in lakhs)

Years	Amount
2010-11	550.25
2011-12	-526.35
2012-13	1443.70
TOTAL	**1467.60**
50% to be set off in future tariff	**733.80**

(d). As per Clause 2.13 of the tariff guidelines the past surplus/ deficit is to be set off during the next tariff cycle. The year 2013-14 is already over. Further, considering the time taken for notification of the Order in the Gazette of India and the lead time after which the revised Scale of Rates of ISHPL would come into force, it would be around September 2014. In such a scenario, the adjustment relating to past surplus can only be effected over a period of 19 months from September 2014 to March 2016 of the current tariff cycle. However, it is not appropriate to load on the past period surplus over a small time frame. Considering the position that the Guidelines stipulate set off of past period surplus during the next tariff cycle, which is generally of 3 years, it is felt appropriate to adjust the past period surplus over a period of three years beginning from September 2014 to August 2017. Thus, out of the past period surplus available for adjustment of ₹733.80 lakhs, ₹387.28 lakhs is adjusted in remaining tariff cycle from September 2014 to March 2016 and the balance ₹346.52 lakhs is quantified to be set off in the next tariff cycle.

(vi). The sole cargo handled by the ISHPL at berth No. 4A is Coking coal. The traffic of 27.50 lakh tonnes estimated by the ISHPL each during the years 2013-14 to 2015-16, is almost at the level of the actual traffic of 27.46 lakh tonnes handled by ISHPL during the year 2012-13. The ISHPL has not projected any growth in traffic during the years 2013-14 to 2015-16. Further, out of the total traffic as given above, the ISHPL has estimated the share of the coastal cargo as 10%, 15% and 25% for the years 2013-14 to 2015-16 respectively.

With reference to the traffic estimate for the year 2013-14, the KOPT in its comments furnished in May 2014 has stated that the actual traffic of ISHPL during the year 2013-14 has been to the tune of 34.14 lakh tonnes. The KOPT has also stated that no coastal cargo has been handled at Berth no. 4A during the year 2013-14. Thus, as against the cargo traffic of 27.50 lakh tonnes estimated by ISHPL for the year 2013-14 in its revised proposal, it is seen that the ISHPL has already actually handled 34.14 lakh tonnes during the year. In a scenario where the actuals for the entire year is already available, there is no reason as to why the actual traffic for the year 2013-14 should not be considered. Therefore, cargo traffic of 34.14 lakh tonnes is considered for the year 2013-14. The share of coastal cargo is also considered as NIL, as reported by the KOPT.

With regard to the traffic estimates for the year 2014-15 and 2015-16, it is relevant here to mention that none of the user/ user organizations have objected to the traffic forecasts made by ISHPL. In fact, it is noteworthy that the KOPT has endorsed the traffic estimates of ISHPL for the years 2014-15 and 2015-16 keeping in view the constraints like reduction of draft of Haldia Channel and mechanisation of Berth No. 4B. Since this Authority does not carry out any independent study to determine the likely traffic at a port/ private terminal, the traffic forecast for the years 2014-15 and 2015-16 as furnished by the ISHPL and endorsed by the KOPT is relied upon for the purpose of this analysis.

With regard to the share of coastal cargo, the KOPT is of the view that given the position that the ISHPL has not handled any coastal cargo during the years 2012-13 and 2013-14, the share of coastal cargo for the years 2014-15 and 2015-16 be considered at 10% and 20% respectively as against the estimate of 15% and 25% considered by ISHPL. The ISHPL has not furnished its views on the views of KOPT about the coastal cargo share of ISHPL for the years 2014-15 and 2015-16, though the views of KOPT in this regard were made available to it. Therefore, the judgment of the Licensor Port in this regard is considered in this analysis.

(vii). (a). The estimated cargo handling income for the years 2013-14 to 2015-16 comprises of income estimated to be earned by the ISHPL from Onboard & Wharfage charges, Shore Handling charges, Delivery charges and Income from other services.

The income estimate from Onboard & Wharfage charges, Shore Handling charges and Delivery charges is seen to be based on the rates prescribed in the existing Scale of Rates of ISHPL and the traffic projected for the years 2013-14 to 2015-16. However, the income estimate for the years 2013-14 to 2015-16 is modified so as to reflect the increased level of traffic considered for the year 2013-14 and also moderation in the coastal cargo percentage for the years 2013-14 to 2015-16, as brought out in the preceding paragraph.

The Income from other services under the cargo related activity comprises of income estimated to be earned by the ISHPL from services like Weighment for in-motion weighbridge, Siding Charges, Photo of loaded wagons (per Wagon), Online sampling, Despatch related services for railbound cargo and Quarterly survey of stock. The income from the said services is also seen to be based on the rates prescribed in the existing Scale of Rates of ISHPL and estimated for the entire traffic projected to be handled by the ISHPL for the years 2013-14 to 2015-16. However, as compared to the Income from other services earned by the ISHPL during the year 2012-13 at ₹21.70 crores for an actual traffic of 27.46 lakh tonnes, the ISHPL has estimated the said income to the tune of only ₹7.53 crores each for the years 2013-14 to 2015-16 for its estimated traffic of 27.50 lakh tonnes per annum.

Inspite of a specific repeated request, the ISHPL has not clarified the reason for estimating income at a lower level from other services. From the workings of income from other services, it is seen that no income has been estimated by the ISHPL in respect of the service like loading, unloading & restacking of cargo and Retrieving of spilled cargo. In this connection, it is relevant here to mention that during the last revision of tariff of ISHPL in January 2011, since the ISHPL had not considered any income from ‘retrieval of spilled cargo’ and ‘loading, unloading & restacking services’ in its income calculation, the income from these two services was considered on the basis of average proportion of cargo that had availed these services during the past years i.e. 15% and 13.25% respectively. However, in the present scenario, proportion of cargo that had availed these services during the previous tariff cycle 2010-11 to 2012-13 is not known to us, since the ISHPL has not furnished the requisite workings to determine the other income for the past years, inspite of a specific request. Therefore, this Authority is constrained to rely upon the proportion of cargo that had availed these services, as considered in the last general revision of ISHPL. Thus, considering the existing rate of ₹20/- per tonne prescribed for the service of Loading, unloading & restacking of cargo and ₹5/- per tonne for retrieving of spilled cargo and taking into account the traffic relied upon for the years 2013-14 to 2015-16, as discussed in the preceding paragraph, the income for the said services is estimated.

(b). The ISHPL has adopted an exchange rate of ₹60/- per US $ in the computation of income from berth hire charges, for each of the years 2013-14 to 2015-16. In this regard, it is relevant here to mention that the exchange rate prevailing at the time of analysis of the case is considered uniformly in all tariff cases for estimation of income from dollar denominated tariff items for all the years under consideration.

In our analysis, since the financial year 2013-14 is already over, and since the actual dollar exchange rate for the said period is available, the berth hire income from the foreign going vessels for the year 2013-14 is estimated based on the average exchange rate of ₹60.35 per US$ that prevailed during the said year. For the years 2014-15 and 2015-16, an exchange rate of ₹59.197 per US$ prevailing at the time of concluding the analysis of this case is considered.

Further, the change in the composition of the foreign going vessels and coastal vessels due to the increased level of traffic for the year 2013-14 and also due to moderation in the coastal cargo percentage for the years 2013-14 to 2015-16, as discussed earlier, has also been factored in the estimation of berth hire income.

It is seen that the ISHPL has actually earned income from double/ triple banking operations during the years 2010-11 to 2012-13 at ₹73.99 lakhs, ₹35.65 lakhs and ₹39.48 lakhs respectively. The ISHPL is not seen to have estimated any income from double/ triple banking operations for the years 2013-14 to 2015-16, on the ground that though the income is booked in Audited Accounts for accounting purpose, the KOPT has refused to remit the amount for last several years and has withheld it. The KOPT is of the view that ISHPL is not entitled to earn benefit out of the utilization of dock water and space which are beyond the limits of area allotted to them in lease under the License Agreement and therefore, ISHPL is not permitted to recover berth hire charges for double/ triple banked vessels. As brought out earlier, there appears to be a dispute between the Licensor port KOPT and ISHPL, with regard to the remission of the amount collected by KOPT towards double/ triple banking operations, to ISHPL. The matter pertains to the scope of the Licence Agreement entered into between the KOPT and ISHPL. This Authority does not like to delve deep into this aspect. In line with the approach adopted by this Authority in the tariff revision of ISHPL in the past and also since the double/ triple banking operations at berth No.4A have not been ruled out in future, there is a need to capture the income estimate of double/ triple banking operations. However, in the absence of any basis for computation, the average income during the past 3 years, which works out to around ₹49.71 lakhs is considered as the income towards double/ triple banking operations each for the years 2013-14 to 2015-16.

(viii). The operating expenses estimated for the years 2013-14 to 2015-16 are analysed as under:

(a). The annual escalation of the cost estimates is considered in terms of Clause 2.5.1 of the Tariff Guidelines of 2005 which requires that the expense projections of the major ports and terminal operators should be in line with traffic adjusted for price fluctuation with reference to current movement of Wholesale Price Index for all commodities as announced by the Government of India. The escalation factor to be adopted in respect of tariff cases to be disposed during the year 2014-15 has been announced at 6%. Though the case of ISHPL is being decided during the year 2014-15, the expenditure for the years 2013-14 to 2015-16 has been estimated by ISHPL considering the actuals for the year 2012-13 as base. Therefore, an escalation factor of 7% over the actuals for the year 2012-13 (being the escalation factor applicable for the year 2013-14) is considered in the analysis to estimate the expenditure for the year 2013-14 and the escalation factor of 6% is considered to estimate the expenditure for the years 2014-15 and 2015-16, over the respective previous year as against the uniform escalation factor of 7% for each of the years 2013-14 to 2015-16, considered by the ISHPL in its calculations.

(b). The cost of maintenance labour is reported to have been outsourced to a private party. From the copy of the Contract furnished by the ISHPL, it is seen that the Contract is in effect from 01 April 2012 and is valid for a period of three years. The contract value is seen to be for an amount of ₹185.22 lakhs for the year 2012-13 and with an escalation factor of 5% per annum. It is noteworthy that the cost statement for the year 2012-13 reflects the amount of cost of maintenance labour at ₹185.22 lakhs. The actuals of 2012-13 is taken as base and escalated by 5% per annum as warranted by the contract, to estimate the said expenditure for the years 2013-14 to 2015-16 relying on the contract base considered by ISHPL for the year 2015-16 also.

(c). The Equipment running cost comprises of cost of power and the cost of repairs and maintenance.

(i). The ISHPL has estimated the power cost based on the estimated power consumption per tonne and unit cost of power. The actual power consumption per tonne during the year 2012-13 is reported at 1.1 units, and the same level of power consumption has been considered for the years 2013-14 to 2015-16, which is relied upon in the analysis.

The ISHPL has considered cost of electricity at ₹12.90 per unit. However, the documentary evidence furnished by the ISHPL for the limited period of January 2013 to March 2013 in support of the cost of electricity reflects the rate of ₹11.43 per unit. Since the actual cost of power during the year 2012-13 is seen to be ₹12.073 per unit, the same is taken as base and escalated by 7% for the year 2013-14 and 6% each during the years 2014-15 and 2015-16 over the respective previous year to estimate the power cost for the said three years. The increase in the traffic during the year 2013-14 has also been factored in the calculation.

(ii). The ISHPL has considered the actual repair and maintenance cost for the year 2010-11 as base and escalated it by 7% to arrive at the repairs cost for the year 2013-14 to 2015-16 instead of taking the year 2012-13 as base. Since the actuals for the years 2011-12 and 2012-13 took into account the impact of the insurance claim received by ISHPL in respect of the ship unloaders, the ISHPL appears to have ignored the actuals for the years 2011-12 and 2012-13 and instead seems to have taken the year 2010-11 as base. The approach adopted by the ISHPL is found to be appropriate and hence considered, except that the escalation factor in respect of each of the year 2014-15 and 2015-16 is restricted to 6%.

(d). As stated earlier, 91.33% of the royalty payable by the ISHPL to the KOPT is considered as admissible cost. As per the LA, the percentage of royalty applicable for the years 2013-14 to 2015-16 is 61.04%. The ISHPL has estimated royalty for the years 2013-14 to 2015-16 based on a rate of ₹87.48 per tonne, as then prescribed in the Scale of Rates of KOPT, as prevailing at the time of filing the proposal.

This Authority has recently disposed of the general revision proposal of KOPT, with a revised wharfage rate for coal at ₹104.98 per tonne. The revised wharfage rate has come into effect from 01 April 2014. Accordingly, the royalty estimates for the year 2013-14 is considered on the basis of previous rate of ₹87.48 per tonne for the revised level of traffic. The estimates for the years 2014-15 and 2015-16 are revised taking into account the revised rate of ₹104.98 per tonne.

The KOPT has raised certain issues on the computation of royalty payable by the ISHPL to the KOPT and has made a mention about a pending Arbitration and litigation in the court of law. As per clause 5.1 (a) and 5.1 (b) of the LA, royalty is payable on the cargo handling charges as per prevailing SOR / tariff of HDC. Accordingly, the on-board and wharfage rate as applicable for coal handling through mechanical system as prescribed in the SOR of the KOPT has been considered in the computation of royalty. The issues raised by the KOPT are to be settled between the KOPT and the ISHPL. This Authority does not like to go into the legality of the issues raised by KOPT and interpret the provisions of the Licence Agreement. However, the estimated royalty payment considered in this analysis is without prejudice to the outcome of the disputes between the KOPT and ISHPL in this regard.

The KOPT has further stated that there is a difficulty in proper assessment of royalty since ISHPL is raising consolidated bills on its customer, wherefrom tariff for different services are not identifiable and that the said matter remains unaddressed by this Authority. In this connection, as clarified by the ISHPL, though billing is on a consolidated basis, it is reported to be within the limit of SOR notified by this Authority. Nevertheless, as per the provisions of the LA, the royalty payable by ISHPL is dependent on the SOR of HDC and not on the SOR of ISHPL. In any case, this Authority does not like to go into the rival contentions on the issue of royalty, which is to be resolved between the parties as per the provisions of LA.

As an abundant measure of caution, it is to be noted that the approach adopted by this Authority in computing the admissibility of royalty should not be construed as an endorsement of the stand taken either by the ISHPL or by the KOPT.

(e). The Equipment hire cost has been estimated by the ISHPL by considering the actuals for the year 2012-13 and escalating it by 7% per annum to estimate the expenditure in this regard for the years 2013-14 to 2015-16. The approach adopted by the ISHPL is relied upon, except that the escalation factor in respect of the each of the year 2014-15 and 2015-16 is restricted to 6%.

(f). As stipulated in the LA, the lease rent payable shall be the lease rent specified in the LA with 5.1% annual escalation from the date of allotment or the schedule of rent prescribed in the SOR from time to time, whichever is higher. As reported by the KOPT earlier, this LA provision is applicable only for the land area of 103,000 sq. m. mentioned in the LA and in respect of allotments made to ISHPL after the LA, the lease rent as per the Schedule of Rent applicable from time to time would be payable by the ISHPL.

Considering the actual lease rental for the year 2012-13 after factoring 2.5% rebate for timely payment, the ISHPL has estimated the lease rentals for the years 2013-14 to 2015-16 by considering an escalation factor of 5.1%. The amount of lease rental as estimated by the KOPT is seen to be comparable except for some marginal differences arising on account of rounding off as reasoned by the KOPT. The amount of lease rentals as estimated by the port is relied upon in the analysis.

(g). The Insurance cost has been estimated by the ISHPL by considering the actuals for the year 2012-13 and escalating it by about 5.1% to estimate the expenditure in this regard for the year 2013-14 and thereafter applied the escalation factor of 7% each to estimate the insurance cost for the years 2014-15 and 2015-16. The approach adopted by the ISHPL is relied upon, except that the escalation factor in respect of the each of the year 2014-15 and 2015-16 is restricted to 6%.

(h). The 'Other expenses' comprising of Testing/ Survey Charges, Photography Expenses and Demurrage charges are discussed below:

(i). The Testing and Survey expenses have been estimated for the year 2013-14, based on the rate of ₹1.20 per tonne for the entire cargo traffic. The rate of ₹1.20 per tonne is seen to be reasonable considering the position that during the last review of tariff of ISHPL, a rate of ₹1/- per tonne was considered for the year 2010-11. Therefore, the rate of ₹1.20 per tonne is relied upon and considered for the increased level of traffic for the year 2013-14. For the years 2014-15 and 2015-16, the expenditure is estimated based on the traffic estimate of the respective year and taking into account the escalation factor of 6%, instead of the 7% considered by the ISHPL.

(ii). The photography expenditure has been estimated by the ISHPL by considering the actuals for the year 2012-13 as base and escalating it by 7% per annum to estimate the expenditure in this regard for the years 2013-14 to 2015-16. The approach adopted by the ISHPL is considered, except that the escalation factor in respect of the each of the year 2014-15 and 2015-16 is restricted to 6%.

(iii). During the fixation of tariff for ISHPL in the year 2007 and 2011, demurrage was not considered as an admissible cost and the ISHPL was advised to come up with an 'Efficiency Linked Tariff

Scheme' in this regard. Despite specific query, the ISHPL has not come forward with such 'ELTS' as stated earlier. Therefore, the estimated demurrage for the years 2013-14 to 2015-16 considered by the ISHPL are not taken into account in the analysis.

(i). Clause 2.7.1 of the tariff guidelines stipulates that incase 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. Though the ISHPL has not furnished separate workings in respect of calculation of depreciation, it has confirmed that the depreciation provided in the cost statement is in line with clause 2.7.1 of the tariff guidelines of March 2005. The position as reported by the ISHPL is relied upon. Accordingly, the estimated depreciation on the gross block of assets for the years 2013-14 to 2015-16 is considered as furnished by the ISHPL.

(j). The ISHPL has listed out the components of management and administration overheads, which is reported to include Salaries and Allowances, Contribution to PF & Gratuity, Staff Welfare, Photographic Expenses, Advertisement, Rent, Telephone & Postage, Printing & Stationery, Travelling & Conveyance, Professional fee, Security Charges, Bank Charges, Miscellaneous Expenses and Bad Debts, if any.

The said expenditure has been estimated by the ISHPL by considering the actuals for the year 2012-13 as base and escalating it by 7% per annum to estimate the expenditure in this regard for the years 2013-14 to 2015-16. The approach adopted by the ISHPL is considered, except that the escalation factor in respect of the each of the year 2014-15 and 2015-16 is restricted to 6%.

(k). During the initial fixation of tariff, the preliminary expenses of ₹22 lakhs was earmarked for amortization over the remaining license period and accordingly, ₹0.76 lakhs was considered as annual amortization amount. The ISHPL has considered said amount of ₹0.76 lakhs per annum towards amortization of preliminary expenses in the estimates for the years 2013-14 to 2015-16.

(l). The ISHPL has not claimed Efficiency gain, in any of the items of the Operating cost available as per the stipulation contained at Clause 2.4.1 of the March 2005 Guidelines. Therefore, Efficiency gain has not been analysed and considered in the estimation of operating costs for the years 2013-14 to 2015-16 in the current tariff revision of ISHPL.

(ix). The ISHPL has not estimated any Finance and Miscellaneous income and expenditure for the years 2013-14 to 2015-16. The judgment of the ISHPL in this regard is relied upon.

(x). The Capital Employed comprising of Net Fixed Assets and Working Capital are analysed in the following paragraphs:

(a). The additions to the gross block of assets has been proposed by the ISHPL only during the year 2013-14. In this connection, the ISHPL has proposed investment of ₹425 lakhs towards the DG sets and ₹25 lakhs towards Buildings, Sheds and Other Structures. The DG sets have been proposed by ISHPL to ensure uninterrupted operations. The additions to the gross block of assets as proposed by the ISHPL is considered in this analysis.

(b). Working Capital:

(i). The sundry debtors are considered at one month's average of the estimated lease rental payable by the ISHPL to the KOPT, as per the approach adopted during the last review of tariff of ISHPL.

(ii). The value of inventory is taken as estimated by ISHPL as the said amount is reported to be based as per norms.

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

(iv). The current liabilities is considered at the level estimated by the ISHPL in its proposal. The Loans and Advances considered by the ISHPL in its calculations for the purpose of working capital is not taken into account in our analysis as the 2005 guidelines do not provide for the same. Such an exclusion was also made during the last review of tariff of ISHPL.

(v). Based on the above position, the working capital works out to be negative for the year 2013-14 and hence considered as NIL in the analysis. For the years 2014-15 and 2015-16, the working capital works out to be ₹386.51 lakhs and ₹402.72 lakhs respectively.

(c). Thus, the Capital Employed for the years 2013-14 to 2015-16 works out to ₹5209.50 lakhs, ₹4692.52 lakhs and ₹3805.24 lakhs respectively as against the amount of ₹6234.58 lakhs, ₹5888.38 lakhs and ₹4996.47 lakhs for the said three years respectively. The difference is mainly due to ISHPL considering an amount of ₹10 crores each during the years 2013-14 to 2015-16 towards Advance paid to HDC under Protest against Royalty, as discussed earlier. For the reasons mentioned earlier, the said component has not been considered by us in our calculations, as the 2005 guidelines do not provide for the same.

(xi). During the fixation of tariff of ISHPL in January 2011, this Authority has considered the capacity of the berth of ISHPL at 3.00 Million Tonnes Per Annum (MTPA), based on the position then reported by the KOPT. The same capacity is considered in the current analysis also, given that the ISHPL has not proposed any major capital investment leading to capacity creation in the current tariff cycle.

Considering the capacity of 3.00 MTPA, the capacity utilisation for the years 2013-14 to 2015-16 based on the estimated throughput works out to 113.83%, 91.67% and 91.67% respectively. The tariff policy guidelines of March 2005 provide for allowing maximum permissible return on capital employed, if the capacity utilisation is more than 60%. Accordingly, the ISHPL is eligible for maximum permissible return. Therefore, the return on capital employed at the maximum permissible rate of 16% is considered for the years 2013-14 to 2015-16.

(xii). The operating expenses, management and administration overheads have been apportioned between various activities, viz. berthing, on-board & wharfage, cargo handling and delivery adopting a percentage share. The capital employed and depreciation has been apportioned first to the berthing activity on the basis of assets identified for this activity and the balance is apportioned to cargo handling activity as a whole. The total cargo handling share is again re-apportioned between the three sub-activities, 'on-board & wharfage', 'cargo handling' and 'delivery' adopting certain percentage share. The basis of apportionment adopted by the ISHPL, as stated above, is relied upon in this analysis.

(xiii). Subject to the discussion above, the cost statements for the ISHPL as a whole and different main / sub-activities stand modified. As stated earlier, the extension granted to the validity of the existing SOR of ISHPL beyond 31 March 2013 was subject to the condition that the additional surplus over and above the admissible cost and permissible return accruing to the ISHPL for the period post 1 April 2013 will be set off fully in the tariff to be fixed. The Cost statement for the year 2013-14 reflect a surplus to the tune of ₹1259.59 lakhs on estimate basis which will be reviewed based on actuals for the year 2013-14 during the next review of tariff of ISHPL. The said estimated surplus for the year 2013-14 is set off equally during the years 2014-15 and 2015-16. Accordingly, the modified cost statements for the ISHPL as a whole and different main / sub-activities are attached as **Annex - II**

(a) to (f). The summarised results of cost statements are presented in the table given below:

Sr. No.	Particulars	Operating Income (₹ in lakhs)				Net Surplus / (Deficit) (₹ in lakhs)				Net Surplus / (Deficit) as a % of operating income			Average Surplus/ Deficit %
		2013-14	2014-15	2015-16	Total	2013-14	2014-15	2015-16	Total	2013-14	2014-15	2015-16	
1	**ISHPL as a whole**	**8749.20**	**6817.21**	**6591.47**	**22157.89**	**0.00**	**164.03**	**12.57**	**176.60**	**0.00%**	**2.41%**	**0.19%**	**1.30%**
2	Berthing activity	527.99	393.66	365.06	1286.71	0.00	68.24	32.00	100.23	0.00%	17.33%	8.76%	13.05%
3	Cargo related	8221.21	6423.56	6226.41	20871.18	0.00	95.80	-19.41	76.38	0.00%	1.49%	-0.31%	0.59%
	Total	**8749.20**	**6817.21**	**6591.47**	**22157.89**	**0.00**	**164.03**	**12.58**	**176.62**	**0.00%**	**2.41%**	**0.19%**	**1.30%**
4	On-board & wharfage	3361.46	2610.39	2513.73	8485.57	0.00	271.86	202.82	474.67	0.00%	10.41%	8.07%	9.24%
5	Cargo handling	3469.68	2693.72	2593.23	8756.63	0.00	-243.02	-302.45	-545.47	0.00%	-9.02%	-11.66%	-10.34%
6	Delivery & loading	1390.07	1119.45	1119.45	3628.97	0.00	66.96	80.21	147.17	0.00%	5.98%	7.16%	6.57%
	Total	**8221.21**	**6423.56**	**6226.41**	**20871.18**	**0.00**	**95.80**	**-19.42**	**76.37**	**0.00%**	**1.49%**	**-0.31%**	**0.59%**

(a). As can be seen from the above table, the ISHPL would be in marginal surplus position to the tune of only about 1.30% during the years 2014-15 and 2015-16 if it operates the facility at the level of tariff fixed in the year 2011. This surplus is after adjustment of the past surplus pertaining to the years 2010-11 to 2012-13, as discussed earlier and after adjustment of full surplus for the year 2013-14. Thus, there is no case to grant any increase in the tariff of ISHPL, as requested by it.

(b). Considering the marginal surplus position which is based on estimate and also that since only a truncated period of 19 months in the current tariff cycle is available, this Authority does not like to disturb the prevailing tariff arrangement and desires to maintain status quo in the existing tariff of ISHPL till 31 March 2016.

(xiv). The KOPT has made a mention about ISHPL handling coking coal cargo on account of SAIL only inspite of KOPT's repeated request to ISHPL to make use of Berth No. 4A as a common user facility to handle different types of cargo permitted under the License Agreement, thereby causing underutilization of the berth. The KOPT has also mentioned that it has not noticed ISHPL taking any efforts to promote cargo of other users through this berth. In this connection, it is relevant here to mention that considering the capacity of Berth no. 4A at 3 MMTPA and taking into the account the cargo projections for the years 2014-15 and 2015-16, the capacity utilisation works out to about 92% as mentioned earlier. In this scenario, it is not clear how the facility of ISHPL lies grossly underutilised as stated by the KOPT. Nevertheless, the ISHPL is advised to take steps to handle the cargo of other users also at its facility so as to ensure more utilisation of its facility.

(xv). For the reasons relating to double/ triple banking of vessels as brought out earlier, the KOPT has requested this Authority to delete provisions in the existing SOR of ISHPL which enables ISHPL to recover berth hire charges for double / triple banked vessels. Given that the estimated income relating to the double/ triple banking of vessels has been captured during the years 2013-14 to 2015-16, the Scale of Rates of ISHPL should prescribe charges relating to double/ triple banking of vessels. This Authority does not like to go into dispute between the KOPT and ISHPL in this regard. The KOPT and ISHPL are advised to resolve the dispute mutually.

(xvi). The KOPT has stated that all the issues pertaining to ISHPL as brought to the notice of this Authority in the past, are still continuing. It has, therefore, requested this Authority to relook into the matter and consider the issues while making any material determination with regard to the Scale of Rates of ISHPL. In this regard, it is relevant to mention here that generally all the issues pointed out by the KOPT pertain to some dispute relating to the LA entered into between the KOPT and ISHPL. This Authority is not a party to the LA. As a result, this Authority is not in a position to resolve the issue pertaining to the LA.

(xvii). In line with clause 2.18.2 of the tariff guidelines, the proposed note 3(vii)(b) has been modified to reflect the prevailing Prime Lending Rate of State Bank of India at 14.75 %.

(xviii). At the suggestion of the KOPT, the following minor modifications have been made in the 'definitions' as a measure of improvisation.

(a). The word 'thereof' is added at the end of clause (ii) of Section 1.1 – Definitions.
(b). The term 'Port user' as proposed by the ISHPL in clause (viii) of Section 1.1 – Definitions is replaced with 'Terminal user'. In this connection, it is noted that during the last revision itself, the said modification was effected. The same position is maintained.
(c). The phrase 'under of Laws of India' is modified as 'under the Laws of India in Clause (ix) of Section 1.1 – Definitions, to correct typographical error.
(d). The term 'Haldia Dock Complex' at the end of clause (x) of Section 1.1 – Definitions is deleted.

(xix). The KOPT has proposed to delete one of the two general conditions as proposed by ISHPL at sl.no. (vii) and (viii) of Section 1.2 – General Terms & Conditions, by stating that the said two notes contradict each other. In this regard, it is relevant to mention that one note is with reference to rounding off unit weight for the purpose of calculating the dues, whereas the other note is with reference to rounding off to calculate the gross weight/ measurement by volume or capacity of any individual item. Since both the notes cater to meet two different purposes, both the notes are retained. In this connection, it is noteworthy that both the notes prevail in the existing Scale of Rates of ISHPL and that neither ISHPL nor the users have brought to our notice, any difficulty arising due to interpretation in the said two notes.

(xx). The note (xi) (a) to (e) under Section 1.2 – General Terms & Conditions, which prescribes the conditionality pertaining to granting of concession to coastal vessels and cargo, has been uniformly prescribed in the Scale of Rates of all major port trusts and private terminals operating thereat, in line with the policy direction of the Government. Since the existing clause is a standard clause and no ambiguity is reported or observed so far, the modification proposed by the ISHPL to the note (xi) (b) is not approved.

(xxi). The existing condition at sl.no. (ix) (d) for payment of interest on delay in refunds requires counting of the period of 20 days from the date of production of documents. The KOPT has proposed to replace the word 'production' with the word 'receipt'. Since, the replacement of the word does not materially improve upon the condition, the existing formulation, which is in line with the stipulation contained in 2005 guidelines, will continue unaltered.

(xxii). In the proposed Scale of Rates, in Section C – Shore handling charges, the ISHPL has proposed to widen the scope of services covered, for levy of Shore handling charges. Along with the existing services, the ISHPL has proposed to include the services of 'collection of spillage right from vessel to stack yard and to transmission' within the ambit of levy of shore handling charges. Since the proposal of ISHPL to widen the scope of services would be beneficial to the trade and avoid any ambiguity, the proposal of ISHPL in this regard is approved.

(xxiii). In the proposed Scale of Rates under the Schedule of Shore handling charges, the ISHPL is seen to have introduced a note to the effect that weight to be charged shall be computed on the basis of the draft survey weight on arrival of the vessel and on completion of cargo discharge/ shipment. Since the said note brings clarity to the levy of shore handling charges and will avoid any ambiguity, the prescription of the said note is approved.

(xxiv). The existing Scale of Rates of ISHPL prescribe charges pertaining to Photography. In this connection, the KOPT has stated that since the dock premises of HDC is a protected area under ISPS Code, the KOPT does not permit authorization to ISHPL for allowing photography or film shooting, and therefore, no rates for photography should be allowed in ISHPL. In this regard, it is to state that like ISHPL, photography charges are prescribed in the Scale of Rates of majority of port trusts. The KOPT has not brought out any concern except the security aspect. Being a responsible BOT operator permitted under the statute, it may be appropriate to assume that the ISHPL would not jeopardize the security of the berth and the ISHPL is advised to keep in mind the concern of the KOPT. The existing arrangement will continue unaltered.

(xv). Some other minor changes proposed by the ISHPL/ KOPT in the conditions are not considered since the existing prescriptions are found to be in order.

15.1. In the result, and for the reasons given above and based on collective application of mind, this Authority approves the revised Scale of Rates of ISHPL, which is attached as **Annex – III**.

15.2. Since the existing rates are allowed to be continued, the revised Scale of Rates and conditionalities in respect of ISHPL will come into effect immediately upon notification of this Order in the Gazette of India and shall be in force till 31 March 2016. The approval accorded will automatically lapse thereafter unless specifically extended by this Authority.

15.3. The validity of the existing Scale of Rates of ISHPL is deemed to have been extended beyond 30 June 2014 till the effective date of implementation of the Order passed.

15.4. The ISHPL should furnish to this Authority through KOPT its Annual Accounts and performance report within 60 days of closing of the respective accounting year. If ISHPL fails to provide such information within the stipulated time limit, the KOPT will initiate appropriate action against ISHPL.

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

15.6. In this regard, the ISHPL is requested to 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, this Authority will call upon the concerned operator to submit their proposal for an ahead of scheduled review. If the ISHPL fails to file a tariff proposal within the time limit to be stipulated by this Authority, this Authority will proceed *suo motu* to review the tariff.

(T.S. Balasubramanian)
Member (Finance)

Annex - I

INTERNATIONAL SEAPORTS (HALDIA) PRIVATE LIMITED

ANALYSIS OF PERFORMANCE DURING THE YEARS 2010-11 TO 2012-13

₹ in lakhs

Sr. No.	Particulars	Estimates relied upon in the tariff Order of January 2011			Actuals		
		2010-11	2011-12	2012-13	2010-11	2011-12	2012-13
	Traffic (in lakh tonnes)	26.00	24.00	23.00	29.00	18.29	27.46
I	**Operating Income**						
	Cargo handling income	5,600.29	4,796.48	4,431.76	6,873.02	5,092.52	7,927.85
	Vessel related income	267.81	258.62	233.24	337.63	231.03	380.06
	Other Income	0.00	0.00	0.00	2.40	4.11	17.82
	Total	**5,868.10**	**5,055.10**	**4,665.00**	**7,213.05**	**5,327.66**	**8,325.73**
II	**Operating Costs (excluding depreciation)**						
	Maintenance Labour	166.02	172.26	178.74	168.00	176.40	185.22
	Equipment Running Cost	951.98	1,024.00	1,093.56	906.42	913.25	882.59
	Royalty / revenue share	1,063.70	1,006.58	919.77	1,257.82	889.34	1,356.52
	Equipment Hire Charges	912.08	873.60	868.71	1,255.18	944.91	1,434.43
	Lease Rentals	399.23	419.46	440.51	399.58	419.93	441.35
	Insurance	117.07	117.07	117.07	144.54	162.49	153.98
	Other Expenses	20.54	19.68	19.55	29.57	24.29	34.94
	Total	**3,630.62**	**3,632.65**	**3,637.91**	**4,161.12**	**3,530.62**	**4,489.03**
III	Depreciation	777.99	832.48	883.65	888.32	774.43	881.74
IV	**Overheads**						
	Management & Administration overheads	393.53	408.33	423.68	489.97	406.65	544.01
	Preliminary expenses write-off	0.76	0.76	0.76	0.76	0.76	0.76
	Total - IV	**394.29**	**409.09**	**424.44**	**490.73**	**407.41**	**544.77**
V	**Operating Surplus / (Deficit) (I) – (II) – (III) - (IV)**	**1,065.20**	**180.88**	**(281.00)**	**1,672.88**	**615.20**	**2,410.19**
VI	**Finance & Miscellaneous Income (FMI)**	0.00	0.00	0.00	0.00	0.00	0.00
VII	**Finance & Miscellaneous Expenses (FME)**						
	Depreciation on the Obsolete assets	0.00	0.00	0.00	22.36	97.02	0.00
VIII	FMI Less FME (VI) - (VII)	0.00	0.00	0.00	(22.36)	(97.02)	0.00
IX	**Surplus Before Interest and Tax (V) + (VIII)**	**1,065.20**	**180.88**	**(281.00)**	**1,650.52**	**518.18**	**2,410.19**
X	**Capital Employed**	6,983.58	7,010.74	6,749.71	6,876.66	6,528.31	6,040.55
XI	**Return on Capital Employed**	1,117.37	1,121.72	1,079.95	1,100.27	1,044.53	966.49
XII	**Capacity Utilization**	86.67%	80.00%	76.67%	96.67%	60.97%	91.53%
XIII	**RoCE adjusted for capacity utilization**	1,117.37	1,121.72	1,079.95	1,100.27	1,044.53	966.49
XIV	**Net Surplus/ (Deficit) (IX)-(XIII)**	**(52.17)**	**(940.84)**	**(1,360.95)**	**550.25**	**(526.35)**	**1,443.70**

Annex-II (a)

INTERNATIONAL SEAPORTS (HALDIA) PRIVATE LIMITED

Consolidated Cost statement for the Terminal as a whole

₹ in lakhs

Sr. No.	Particulars	Actuals			Estimates furnished by ISHPL in its revised proposal of November 2013			Estimates moderated by TAMP		
		2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2013-14	2014-15	2015-16
	Traffic (in lakh tonnes)									
	- Foreign	25.41	17.85	27.46	24.75	23.38	20.63	34.15	24.75	22.00
	- Coastal	3.59	0.44	0.00	2.75	4.12	6.87	0.00	2.75	5.50
	Total	**29.00**	**18.29**	**27.46**	**27.50**	**27.50**	**27.50**	**34.15**	**27.50**	**27.50**
I	**Total Operating Income**									
	Cargo handling income	6873.02	5092.52	7927.85	6322.74	6224.17	6027.03	8221.21	6423.56	6226.41
	Vessel related income	337.63	231.03	380.06	348.53	333.85	301.29	527.99	393.66	365.06
	Other income	2.40	4.11	17.82	0.00	0.00	0.00	0.00	0.00	0.00
	Total - I	**7213.05**	**5327.66**	**8325.73**	**6671.27**	**6558.02**	**6328.32**	**8749.20**	**6817.21**	**6591.47**
II	**Operating Costs (excluding depreciation)**									
	Maintenance Labour	168.00	176.40	185.22	194.48	204.21	214.42	194.48	204.21	214.42
	Equipment Running Cost	906.42	913.25	882.59	1069.66	1144.53	1224.65	1138.31	1111.81	1178.52
	Royalty / revenue share	1257.82	889.34	1356.52	1287.48	1260.66	1207.01	1665.34	1545.04	1480.66
	Equipment Hire Charges	1255.18	944.91	1434.43	1534.84	1642.28	1757.24	1534.84	1626.93	1724.55
	Lease Rentals	399.58	419.93	441.35	463.87	487.53	512.39	463.86	487.52	512.38
	Insurance	144.54	162.49	153.98	161.85	173.18	185.30	161.85	171.56	181.85
	Other Expenses	29.57	24.29	34.94	63.23	65.73	68.41	43.71	37.87	40.14
	Total - II	**4161.12**	**3530.62**	**4489.03**	**4775.41**	**4978.11**	**5169.41**	**5202.39**	**5184.93**	**5332.52**
III	Depreciation	888.32	774.43	881.74	888.49	903.49	903.49	888.49	903.49	903.49
IV	**Overheads**									
	(i) Management & Administration overheads	489.97	406.65	544.01	582.10	622.85	666.45	564.46	585.68	607.70
	(ii) Preliminary expenses write-off	0.76	0.76	0.76	0.76	0.76	0.76	0.76	0.76	0.76
	Total - IV	**490.73**	**407.41**	**544.77**	**582.86**	**623.61**	**667.21**	**565.22**	**586.44**	**608.46**
V	**Operating Surplus / (Deficit) (I) – (II) – (III) - (IV)**	**1672.88**	**615.20**	**2410.19**	**424.52**	**52.81**	**-411.79**	**2093.11**	**142.36**	**-252.99**
VI	Finance & Miscellaneous Income (FMI)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
VII	Finance & Miscellaneous Expenses (FME)	22.36	97.02	0.00	0.00	0.00	0.00	0.00	0.00	0.00
VIII	FMI Less FME (VI) - (VII)	-22.36	(97.02)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
IX	**Surplus Before Interest and Tax (V) + (VIII)**	**1,650.52**	**518.18**	**2,410.19**	**424.52**	**52.81**	**(411.79)**	**2,093.11**	**142.36**	**(252.99)**
X	Capital Employed	6,876.66	6,528.31	6,040.55	6234.58	5888.38	4996.47	5209.50	4692.52	3805.24
XI	RoCE - Maximum permissible	1,100.27	1,044.53	966.49	997.53	942.14	799.43	833.52	750.80	608.84
XII	Capacity Utilization	96.67%	60.97%	91.53%	91.67%	91.67%	91.67%	113.83%	91.67%	91.67%
XIII	**RoCE adjusted for capacity utilization**	**1,100.27**	**1,044.53**	**966.49**	**997.53**	**942.14**	**799.43**	**833.52**	**750.80**	**608.84**
XIV	**Net Surplus / (Deficit) (IX) - (XIII)**	**550.25**	**(526.35)**	**1,443.70**	**(573.02)**	**(889.33)**	**(1,211.23)**	**1,259.59**	**(608.45)**	**(861.83)**
XV	**50% of past surplus for the years 2010-11 to 2012-13 to be set off**		**733.80**		**0.00**	**0.00**	**0.00**	**0.00**	**142.68**	**244.60**
XVI	**Total Surplus/ (Deficit)**				**(573.02)**	**(889.33)**	**(1,211.23)**	**1,259.59**	**(465.76)**	**(617.23)**
XVII	**100% of the surplus for the year 2013-14 to be set off**							**(1,259.59)**	**629.79**	**629.79**
XVIII	**Final Surplus/ (Deficit)**							**0.00**	**164.03**	**12.57**
XIX	**Net Surplus / (Deficit) as a % of operating income**				-8.59%	-13.56%	-19.14%	0.00%	2.41%	0.19%
XX	**Average Net Surplus/(Deficit) as a % of operating income**					-13.76%			1.30%	

Annex-II (b)

INTERNATIONAL SEAPORTS (HALDIA) PRIVATE LIMITED

Cost statement for Vessel related activity

₹ in lakhs

Sr. No.	Particulars	Actuals			Estimates furnished by ISHPL in its revised proposal of November 2013			Estimates moderated by TAMP		
		2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2013-14	2014-15	2015-16
	Vessel Traffic									
	- Foreign	99	71	102	98	93	82	136	98	88
	- Coastal	23	3	0	19	28	47	0	19	38
	Total	**122**	**74**	**102**	**117**	**121**	**129**	**136**	**117**	**126**
I	**Operating Income**									
	Berth Hire - Foreign vessels	253.60	194.40	340.58	342.60	325.10	286.70	478.28	338.04	303.55
	Berth Hire - Coastal vessels	10.08	1.02	0.00	5.90	8.70	14.60	0.00	5.90	11.80
	Others (Parking & Double banking)	73.99	35.65	39.48	0.00	0.00	0.00	49.71	49.71	49.71
	Total - I	**337.67**	**231.07**	**380.06**	**348.50**	**333.80**	**301.30**	**527.99**	**393.66**	**365.06**
II	**Operating Costs (excluding depreciation)**									
	Maintenance Labour	21.84	22.93	24.08	25.28	26.55	27.87	25.28	26.55	27.87
	Equipment Running Cost	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Royalty / revenue share	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Equipment Hire Charges	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Lease Rentals	47.95	50.39	52.96	55.66	58.50	61.49	55.66	58.50	61.49
	Insurance	7.23	8.12	7.70	8.09	8.66	9.27	8.09	8.58	9.09
	Other Expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Total - II	**77.02**	**81.44**	**84.74**	**89.03**	**93.71**	**98.63**	**89.03**	**93.63**	**98.45**
III	**Depreciation**	108.54	108.54	108.54	108.54	108.54	108.54	108.54	108.54	108.54
IV	**Overheads**									
	Management & Administration overheads	19.60	16.27	21.76	23.28	24.91	26.66	22.58	23.43	24.31
	Preliminary expenses write-off	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19
	Total - IV	**19.79**	**16.46**	**21.95**	**23.47**	**25.10**	**26.85**	**22.77**	**23.62**	**24.50**
V	**Operating Surplus / (Deficit) (I) – (II) – (III) - (IV)**	**132.32**	**24.63**	**164.83**	**127.46**	**106.45**	**67.28**	**307.65**	**167.87**	**133.57**
VI	Finance & Miscellaneous Income (FMI)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
VII	Finance & Miscellaneous Expenses (FME)	0.89	3.88	0.00	0.00	0.00	0.00	0.00	0.00	0.00
VIII	**FMI Less FME (VI) - (VII)**	(0.89)	(3.88)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
IX	**Surplus Before Interest and Tax (V) + (VIII)**	**131.42**	**20.75**	**164.83**	**127.46**	**106.45**	**67.28**	**307.65**	**167.87**	**133.57**
X	**Capital Employed**	1,676.55	1,187.58	1,048.95	1,220.68	1,112.13	1,003.58	1019.98	886.27	764.31
XI	**Return on Capital Employed**	268.25	190.01	167.83	195.31	177.94	160.57	163.20	141.80	122.29
XII	**Capacity Utilization**	406.67%	246.67%	340.00%	86.67%	80.00%	76.67%	453.33%	390.00%	420.00%
XIII	**RoCE adjusted for capacity utilization**	**268.25**	**190.01**	**167.83**	**195.31**	**177.94**	**160.57**	**163.20**	**141.80**	**122.29**
XIV	**Net Surplus / (Deficit) (IX) - (XIII)**	**(136.83)**	**(169.26)**	**(3.00)**	**(67.85)**	**(71.49)**	**(93.29)**	**144.45**	**26.06**	**11.28**
XV	**50% of past surplus for the years 2010-11 to 2012-13 to be set off**	**(154.55)**						**0.00**	**(30.05)**	**(51.52)**
XVI	**Total Surplus/ (Deficit)**							**144.45**	**(3.99)**	**(40.23)**
XVII	**100% of the surplus for the year 2013-14 to be set off**							**(144.45)**	**72.23**	**72.23**
XVIII	**Final Surplus/ (Deficit)**							**0.00**	**68.24**	**32.00**
XIX	**Net Surplus / (Deficit) as a % of operating income**				-19.47%	-21.42%	-30.96%	0.00%	17.33%	8.76%
XX	**Average Net Surplus/(Deficit) as a % of operating income**				**-23.95%**				**13.05%**	

Annex-II (c)

INTERNATIONAL SEAPORTS (HALDIA) PRIVATE LIMITED

Income & Cost statement for Cargo related activity

₹ in lakhs

Sr. No.	Particulars	Actuals			Estimates furnished by ISHPL in its revised proposal of November 2013			Estimates moderated by TAMP		
		2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2013-14	2014-15	2015-16
	Cargo Traffic (in lakh tonnes)									
	- Foreign	25.41	17.85	27.46	24.75	23.38	20.63	34.15	24.75	22.00
	- Coastal	3.59	0.44	0.00	2.75	4.12	6.87	0.00	2.75	5.50
	Total	**29.00**	**18.29**	**27.46**	**27.50**	**27.50**	**27.50**	**34.15**	**27.50**	**27.50**
I	**Operating Income**									
	Onboard & wharfage	2778.84	2030.00	3150.82	2576.11	2527.79	2431.13	3361.46	2610.39	2513.73
	Handling	2864.43	2080.14	3224.67	2660.45	2610.20	2509.72	3469.68	2693.72	2593.23
	Delivery	1229.75	982.36	1552.36	1086.18	1086.18	1086.18	1390.07	1119.45	1119.45
	Other Income	2.40	4.11	17.82	0.00	0.00	0.00	0.00	0.00	0.00
	Total - I	**6875.42**	**5096.62**	**7945.67**	**6322.74**	**6224.17**	**6027.03**	**8221.21**	**6423.56**	**6226.41**
II	**Operating Costs (excluding depreciation)**									
	Maintenance Labour	146.16	153.47	161.14	169.20	177.66	186.54	169.20	177.66	186.54
	Equipment Running Cost	906.42	913.25	882.59	1069.66	1144.53	1224.65	1138.31	1111.81	1178.52
	Royalty / revenue share	1257.82	889.34	1356.52	1287.48	1260.66	1207.01	1665.34	1545.04	1480.66
	Equipment Hire Charges	1255.18	944.91	1434.43	1534.84	1642.28	1757.24	1534.84	1626.93	1724.55
	Lease Rentals	351.63	369.54	388.39	408.21	429.02	450.90	408.20	429.01	450.89
	Insurance	137.31	154.37	146.28	153.76	164.52	176.04	153.76	162.98	172.76
	Other Expenses	29.57	24.29	34.94	63.23	65.73	68.41	43.71	37.87	40.14
	Total - II	**4084.09**	**3449.17**	**4404.29**	**4686.38**	**4884.40**	**5070.79**	**5113.36**	**5091.30**	**5234.06**
III	**Depreciation**	779.78	665.89	773.20	779.95	794.95	794.95	779.95	794.95	794.95
IV	**Overheads**									
	Management & Administration overheads	470.37	390.38	522.25	558.82	597.93	639.79	541.88	562.25	583.39
	Preliminary expenses write-off	0.57	0.57	0.57	0.57	0.57	0.57	0.57	0.57	0.57
	Total - IV	**470.94**	**390.95**	**522.82**	**559.39**	**598.50**	**640.36**	**542.45**	**562.82**	**583.96**
V	**Operating Surplus / (Deficit) (I) – (II) – (III) - (IV)**	**1540.61**	**590.61**	**2245.36**	**297.02**	**-53.68**	**-479.07**	**1785.45**	**-25.51**	**-386.56**
VI	Finance & Miscellaneous Income (FMI)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
VII	Finance & Miscellaneous Expenses (FME)	21.47	93.14	0.00	0.00	0.00	0.00	0.00	0.00	0.00
VIII	FMI Less FME (VI) - (VII)	(21.47)	(93.14)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
IX	**Surplus Before Interest and Tax (V) + (VIII)**	**1,519.14**	**497.47**	**2,245.36**	**297.02**	**(53.68)**	**(479.07)**	**1,785.45**	**(25.51)**	**(386.56)**
X	**Capital Employed**	5200.11	5340.73	4991.60	5013.90	4776.25	3992.89	4189.52	3806.25	3040.92
XI	**Return on Capital Employed**	832.02	854.52	798.66	802.22	764.20	638.86	670.32	609.00	486.55
XII	**Capacity Utilization**	96.67%	60.97%	91.53%	86.67%	80.00%	76.67%	113.83%	91.67%	91.67%
XIII	**RoCE adjusted for capacity utilization**	**832.02**	**854.52**	**798.66**	**802.22**	**764.20**	**638.86**	**670.32**	**609.00**	**486.55**
XIV	**Net Surplus / (Deficit) (IX) - (XIII)**	**687.13**	**(357.05)**	**1,446.70**	**(505.20)**	**(817.88)**	**(1,117.93)**	**1,115.13**	**(634.51)**	**(873.11)**
XV	**50% of past surplus for the years 2010-11 to 2012-13 to be set off**	**888.39**						**0.00**	**172.74**	**296.13**
XVI	**Total Surplus/ (Deficit)**							**1,115.13**	**(461.77)**	**(576.98)**
XVII	**100% of the surplus for the year 2013-14 to be set off**							**(1,115.13)**	**557.56**	**557.56**
XVIII	**Final Surplus/ (Deficit)**							**0.00**	**95.80**	**-19.41**
XIX	**Net Surplus / (Deficit) as a % of operating income**				-7.99%	-13.14%	-18.55%	0.00%	1.49%	-0.31%
XX	**Average Net Surplus/(Deficit) as a % of operating income**				**-13.23%**				**0.59%**	

Annex-II (d)

INTERNATIONAL SEAPORTS (HALDIA) PRIVATE LIMITED

Cost statement for the sub activity of On-board & Wharfage under Cargo related activity

₹ in lakhs

Sr. No.	Particulars	Estimates furnished by ISHPL in its revised proposal of November 2013			Estimates moderated by TAMP		
		2013-14	2014-15	2015-16	2013-14	2014-15	2015-16
	Cargo Traffic (in lakh tonnes)						
	- Foreign	24.75	23.38	20.63	34.15	24.75	22.00
	- Coastal	2.75	4.12	6.87	0.00	2.75	5.50
	Total	**27.50**	**27.50**	**27.50**	**34.15**	**27.50**	**27.50**
I	**Operating Income**	**2576.11**	**2527.79**	**2431.13**	**3361.46**	**2610.39**	**2513.73**
II	**Operating Costs (excluding depreciation)**						
	Maintenance Labour	58.34	61.26	64.32	58.34	61.26	64.32
	Equipment Running Cost	427.86	457.81	489.86	455.32	444.72	471.42
	Royalty / revenue share	643.74	630.33	603.51	832.66	772.52	740.33
	Equipment Hire Charges	690.68	739.03	790.76	690.68	732.12	776.05
	Lease Rentals	0.00	0.00	0.00	0.00	0.00	0.00
	Insurance	64.74	69.27	74.12	64.74	68.62	72.74
	Other Expenses	20.87	21.69	22.57	14.42	12.50	13.25
	Total - II	**1906.23**	**1979.39**	**2045.14**	**2116.16**	**2091.74**	**2138.11**
III	Depreciation	210.59	214.64	214.64	210.59	214.64	214.64
IV	**Overheads**						
	Management & Administration overheads	244.48	261.60	279.91	237.08	245.99	255.22
	Preliminary expenses write-off	0.19	0.19	0.19	0.19	0.19	0.19
	Total - IV	**244.67**	**261.79**	**280.10**	**237.27**	**246.18**	**255.41**
V	**Operating Surplus / (Deficit) (I) – (II) – (III) - (IV)**	**214.62**	**71.97**	**-108.75**	**797.44**	**57.83**	**-94.43**
VI	Finance & Miscellaneous Income (FMI)	0.00	0.00	0.00	0.00	0.00	0.00
VII	Finance & Miscellaneous Expenses (FME)	0.00	0.00	0.00	0.00	0.00	0.00
VIII	FMI Less FME (VI) - (VII)	0.00	0.00	0.00	0.00	0.00	0.00
IX	**Surplus Before Interest and Tax (V) + (VIII)**	**214.62**	**71.97**	**(108.75)**	**797.44**	**57.83**	**(94.43)**
X	**Capital Employed**	1371.98	1289.56	1078.05	1131.17	1027.69	821.05
XI	**Return on Capital Employed**	219.52	206.33	172.49	180.99	164.43	131.37
XII	**Capacity Utilization**	86.67%	80.00%	76.67%	113.83%	91.67%	91.67%
XIII	**RoCE adjusted for capacity utilization**	**219.52**	**206.33**	**172.49**	**180.99**	**164.43**	**131.37**
XIV	**Net Surplus / (Deficit) (IX) - (XIII)**	**(4.89)**	**(134.36)**	**(281.24)**	**616.45**	**(106.60)**	**(225.80)**
XV	**50% of past surplus for the years 2010-11 to 2012-13 to be set off**	0.00	0.00	0.00	0.00	70.23	120.40
XVI	**Total Surplus/ (Deficit)**	0.00	0.00	0.00	616.45	-36.37	-105.41
XVII	**100% of the surplus for the year 2013-14 to be set off**	0.00	0.00	0.00	-616.45	308.23	308.23
XVIII	**Final Surplus/ (Deficit)**	-4.89	-134.36	-281.24	0.00	271.86	202.82
XIX	**Net Surplus / (Deficit) as a % of operating income**	-0.19%	-5.32%	-11.57%	0.00%	10.41%	8.07%
XX	**Average Net Surplus/ (Deficit) as a % of operating income**		-5.69%			9.24%	

Annex-II (e)

INTERNATIONAL SEAPORTS (HALDIA) PRIVATE LIMITED

Cost statement for the sub activity of Shore handling under Cargo related activity

₹ in lakhs

Sr. No.	Particulars	Estimates furnished by ISHPL in its revised proposal of November 2013			Estimates moderated by TAMP		
		2013-14	2014-15	2015-16	2013-14	2014-15	2015-16
	Cargo Traffic (in lakh tonnes)						
	- Foreign	24.75	23.38	20.63	34.15	24.75	22.00
	- Coastal	2.75	4.12	6.87	0.00	2.75	5.50
	Total	**27.50**	**27.50**	**27.50**	**34.15**	**27.50**	**5.50**
I	**Total Operating Income**	**2660.45**	**2610.20**	**2509.72**	**3469.68**	**2693.72**	**2593.23**
II	**Operating Costs (excluding depreciation)**						
	Maintenance Labour	87.52	91.89	96.49	87.52	91.89	96.49
	Equipment Running Cost	427.86	457.81	489.86	455.32	444.72	471.41
	Royalty / revenue share	321.87	315.16	301.75	416.33	386.26	370.16
	Equipment Hire Charges	613.94	656.91	702.90	613.94	650.77	689.82
	Lease Rentals	361.82	380.27	399.66	361.81	380.25	399.66
	Insurance	72.83	77.93	83.39	72.83	77.20	81.83
	Other Expenses	21.50	22.35	23.26	14.86	12.88	13.65
	Total - II	**1907.34**	**2002.32**	**2097.31**	**2022.61**	**2043.97**	**2123.02**
III	Depreciation	491.37	500.82	500.82	491.37	500.83	500.82
IV	**Overheads**						
	Management & Administration overheads	232.84	249.14	266.58	225.78	234.27	243.08
	Preliminary expenses write-off	0.19	0.19	0.19	0.19	0.19	0.19
	Total - IV	**233.03**	**249.33**	**266.77**	**225.97**	**234.46**	**243.27**
V	**Operating Surplus / (Deficit) (I) – (II) – (III) - (IV)**	**28.71**	**-142.27**	**-355.18**	**729.73**	**-85.54**	**-273.88**
VI	Finance & Miscellaneous Income (FMI)	0.00	0.00	0.00	0.00	0.00	0.00
VII	Finance & Miscellaneous Expenses (FME)	0.00	0.00	0.00	0.00	0.00	0.00
VIII	FMI Less FME (VI) - (VII)	0.00	0.00	0.00	0.00	0.00	0.00
IX	**Surplus Before Interest and Tax (V) + (VIII)**	**28.71**	**(142.27)**	**(355.18)**	**729.73**	**(85.54)**	**(273.88)**
X	**Capital Employed**	3140.53	3009.04	2515.52	2639.40	2397.94	1915.78
XI	**Return on Capital Employed**	502.48	481.45	402.48	422.30	383.67	306.53
XII	**Capacity Utilization**	86.67%	80.00%	76.67%	113.83%	91.67%	18.33%
XIII	**RoCE adjusted for capacity utilization**	**502.48**	**481.45**	**402.48**	**422.30**	**383.67**	**306.53**
XIV	**Net Surplus / (Deficit) (IX) - (XIII)**	**(473.78)**	**(623.72)**	**(757.66)**	**307.43**	**(469.21)**	**(580.41)**
XV	**50% of past surplus for the years 2010-11 to 2012-13 to be set off**	0.00	0.00	0.00	**0.00**	**72.48**	**124.24**
XVI	**Total Surplus/ (Deficit)**	0.00	0.00	0.00	**307.43**	**(396.74)**	**(456.16)**
XVII	**100% of the surplus for the year 2013-14 to be set off**	0.00	0.00	0.00	(307.43)	153.72	153.72
XVIII	**Final Surplus/ (Deficit)**	**(473.78)**	**(623.72)**	**(757.66)**	**0.00**	**(243.02)**	**(302.45)**
XIX	**Net Surplus / (Deficit) as a % of operating income**	-17.81%	-23.90%	-30.19%	0.00%	-9.02%	-11.66%
XX	**Average Net Surplus/(Deficit) as a % of operating income**		-23.96%			-10.34%	

Annex-II (f)

INTERNATIONAL SEAPORTS (HALDIA) PRIVATE LIMITED

Cost statement for the sub activity of Delivery & Loading under Cargo related activity

₹ in lakhs

Sr. No.	Particulars	Estimates furnished by ISHPL in its revised proposal of November 2013			Estimates moderated by TAMP		
		2013-14	2014-15	2015-16	2013-14	2014-15	2015-16
	Cargo Traffic (in lakh tonnes)						
	- Foreign	24.75	23.38	20.63	34.15	24.75	22.00
	- Coastal	2.75	4.12	6.87	0.00	2.75	5.50
	Total	**27.50**	**27.50**	**27.50**	**34.15**	**27.50**	**5.50**
I	**Total Operating Income**	**1086.18**	**1086.18**	**1086.18**	**1390.07**	**1119.45**	**1119.45**
II	**Operating Costs (excluding depreciation)**						
	Maintenance Labour	23.34	24.50	25.73	23.34	24.50	25.73
	Equipment Running Cost	213.93	228.91	244.93	227.66	222.36	235.70
	Royalty / revenue share	321.87	315.16	301.75	416.33	386.26	370.16
	Equipment Hire Charges	230.23	246.34	263.59	230.23	244.04	258.68
	Lease Rentals	46.39	48.75	51.24	46.39	48.75	51.24
	Insurance	16.19	17.32	18.53	16.19	17.16	18.19
	Other Expenses	20.87	21.69	22.57	14.42	12.50	13.25
	Total - II	**872.82**	**902.67**	**928.34**	**974.56**	**955.57**	**972.95**
III	Depreciation	78.00	79.50	79.50	78.00	79.50	79.50
IV	Overheads						
	Management & Administration overheads	81.49	87.20	93.30	79.02	82.00	85.08
	Preliminary expenses write-off	0.19	0.19	0.19	0.19	0.19	0.19
	Total - IV	**81.68**	**87.39**	**93.49**	**79.21**	**82.19**	**85.27**
V	**Operating Surplus / (Deficit) (I) – (II) – (III) - (IV)**	**53.68**	**16.62**	**-15.15**	**258.30**	**2.19**	**-18.27**
VI	Finance & Miscellaneous Income (FMI)	0.00	0.00	0.00	0.00	0.00	0.00
VII	Finance & Miscellaneous Expenses (FME)	0.00	0.00	0.00	0.00	0.00	0.00
VIII	FMI Less FME (VI) - (VII)	0.00	0.00	0.00	0.00	0.00	0.00
IX	**Surplus Before Interest and Tax (V) + (VIII)**	**53.68**	**16.62**	**(15.15)**	**258.30**	**2.19**	**(18.27)**
X	**Capital Employed**	501.39	477.62	399.29	418.95	380.63	304.09
XI	**Return on Capital Employed**	80.22	76.42	63.89	67.03	60.90	48.65
XII	**Capacity Utilization**	86.67%	80.00%	76.67%	113.83%	91.67%	18.33%
XIII	**RoCE adjusted for capacity utilization**	**80.22**	**76.42**	**63.89**	**67.03**	**60.90**	**48.65**
XIV	**Net Surplus / (Deficit) (IX) - (XIII)**	**(26.54)**	**(59.80)**	**(79.04)**	**191.27**	**(58.71)**	**(66.92)**
XV	**50% of past surplus for the years 2010-11 to 2012-13 to be set off**	0.00	0.00	0.00	**0.00**	**30.04**	**51.49**
XVI	**Total Surplus/ (Deficit)**	0.00	0.00	0.00	**191.27**	**(28.67)**	**(15.43)**
XVII	**100% of the surplus for the year 2013-14 to be set off**	0.00	0.00	0.00	**(191.27)**	**95.63**	**95.63**
XVIII	**Final Surplus/ (Deficit)**	**(26.54)**	**(59.80)**	**(79.04)**	**0.00**	**66.96**	**80.21**
XIX	**Net Surplus / (Deficit) as a % of operating income**	-2.44%	-5.51%	-7.28%	0.00%	5.98%	7.16%
XX	**Average Net Surplus/(Deficit) as a % of operating income**	-5.08%				6.57%	

ANNEX - III

INTERNATIONAL SEAPORT (HALDIA) PRIVATE LIMITED
SCALE OF RATES

PART I - GENERAL

1.1. Definitions -

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

(i). "Authorised Representative" means employee or agent of Customer / Berth user and ISPHL designated from time to time by them, through a written notice to other party, to monitor, facilitate and direct their respective parties' performance.

(ii). "Berth" means the berth No 4A at Haldia Dock Complex, Kolkata Port Trust and the back-up area thereof.

(iii). "Conveyor System" means a series of belt conveyors extending from the berth to stackyard and to wagon loader.

(iv). "Draft" means the draft prevailing at HDC on day to day basis.

(v). "Haldia Dock Complex (HDC)" shall mean oil jetty, other jetties, wharves and berths at Haldia and River Moorings at Haldia Anchorage.

(vi). "Metric Ton" means a weight of 2,204.623 pounds or 1,000 Kilogram.

(vii). "Port" means 'Kolkata Port Trust (KOPT)', the corporate entity, and will include Kolkata Dock System and Haldia Dock Complex.

(viii). "Terminal User" means any importer or exporter using the facilities in the port to import and/ or export the cargo.

(ix). "ISPHL" means International Seaport (Haldia) Private Limited, a Special Purpose Company (SPV) incorporated under the Laws of India having its Registered Office presently at Flat No. 27, 5th Floor, 105, Park Street, Kohinoor Building, Kolkata - 700 016, its successors and permitted assignees, which has been granted license for construction, operation, management and maintenance of the berth No. 4A at Haldia Dock Complex of Kolkata Port Trust.

(x). "ISPHL Premises" means the area licensed to ISPHL including the back-up area allotted under the License Agreement with Kolkata Port Trust (KOPT).

(xi). "Coastal vessel" means 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.

(xii). "Foreign-going vessel" means any vessel other than coastal vessel.

(xiii). "Day" shall be reckoned as a period from 6.00 a.m. of a day and ending at 6.00 a.m. the following day.

(xiv). "Weather Working Day" (WWD) means Monday through Sunday, covering three shifts of eight hours each excluding Port Holidays and Custom holidays.

(xv). "Week" shall mean 7 consecutive calendar days including holidays.

(xvi). "Month" shall mean 30 consecutive calendar days including holidays unless otherwise specified.

(xvii). “Shut-out” cargo shall mean export cargo left in the ISPHL Premises, having not been shipped on board the vessel for which it was received in ISPHL Premises.

1.2. General Terms & Conditions

(i). All goods landed within the ISPHL premises shall be assessed on import application and the charges/ fees shall be paid before the goods are removed.

(ii). All goods intended for shipment shall be assessed on export application and the statutory charges shall be paid before the goods are shipped.

(iii). (a). The status of a 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. The corresponding vessel related charges shall be applied depending on the status of the vessel at the time of the incidence of such charge.

(b). A foreign-going vessel of Indian Flag having a General Trading License can convert to Coastal run on the basis of a Customs Conversion Order.

(c). A foreign-going vessel of Foreign Flag can convert to coastal run on the basis of Coastal Voyage License issued by the Director General of Shipping.

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

(e). In cases of such conversion, coastal rates shall be chargeable only till the vessel completes coastal cargo discharging operations; immediately thereafter, foreign-going rates shall be chargeable by the discharge ports.

(f). For dedicated Indian coastal vessels having a Coastal Licence from the Director General of Shipping**,** no other document will be required by her to be entitled to Coastal rates.

(iv). Vessel related charges shall be levied on owners / agents of the vessel. Wherever rates have been denominated in US dollar terms, the charges shall be recovered in Indian Rupees after conversion of US currency to its equivalent Indian Rupees at the market buying rate notified by the State Bank of India. The day of entry of the vessel into the port limit shall be reckoned as the day for such conversion.

(v). A regular review of exchange rate shall be made once in 30 days from the date of arrival of the vessels in cases of vessels staying in the ISPHL for more than thirty days. In such cases the basis of billing shall change prospectively with reference to the appropriate exchange rate prevailing at the time of review.

(vi). No refunds shall be made unless the refund amount is ₹ 100.00 or more.

(vii). For the purpose of calculating the dues, the unit weight shall be 1 MT or 1,000 kilograms. Fraction of a MT will be rounded off to the nearest MT.

(viii). In calculating the gross weight or measurement by volume or capacity of any individual item, fractions up to 0.5 be taken as 0.5 unit and fractions of 0.5 and above be treated as one unit, except where otherwise specified.

(ix). Interest on delayed payments / refunds.

(a). The user shall pay penal interest at the rate of 16.75% per annum on delayed payments of any charge under this Scale of Rates.

(b). Likewise, the ISPHL shall pay penal interest at the rate of 16.75% per annum on delayed refunds.

(c). The delay in payments by the users will be counted only 10 days after the date of raising the bills by the ISPHL. 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 and/or where payment of charges in advance is prescribed in this Scale of Rates.

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

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

(xi). (a). The Vessel related charges for all Coastal vessels should not exceed 60% (or such percentage as may be modified as per Government of India notifications from time to time) of the corresponding charges for other vessels.

(b). The cargo related charges for all Coastal cargo, other than thermal coal, POL including crude oil, Iron Ore and Iron pellets, should not exceed 60% of the normal cargo related charges.

(c). In case of cargo related charges, the concessional rates should be levied on all the relevant handling charges for ship-shore transfer and transfer from / to quay to / from storage yard including wharfage.

(d). For the purpose of this concession, cargo 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 from/ to Indian Ports carried by vessels permitted to undertake coastal voyage will qualify for the concession.

(e). The charges for coastal cargo/ coastal vessels shall be denominated and collected in Indian Rupee.

(xii). The users will not be required to pay for delays beyond a reasonable level attributable to ISPHL.

(xiii). (a). Whenever a specific tariff for a service/ cargo is not available in the notified Scale of Rates, the ISPHL can submit a suitable proposal.

(b). Simultaneously with the submission of proposal, the proposed rate can be levied on an ad hoc basis till the rate is finally notified.

(c). The ad hoc rate to be operated in the interim period must be derived based on existing notified tariffs for comparable services/ cargo; and, it must be mutually agreed upon by the ISPHL/ Terminal and the concerned user(s).

(d). The final rate fixed by the TAMP will ordinarily be effective only prospectively. The interim rate adopted in an ad hoc manner will be recognised as such unless it is found to be excessive requiring some moderation retrospectively.

(xiv). Survey / testing services shall include drawing of on line sample, moisture analysis both at the time of discharge and loading and submission of report.

PART II -VESSEL RELATED CHARGES

SECTION – A – PORT DUES & SECTION – B – TOWAGE & PILOTAGE

2.1. These services will be rendered by the Kolkata Port Trust to the vessels entering the ISPHL's berth No. 4A, Haldia Dock Complex. The charges for these services shall be payable directly to KOPT by Ship owners / vessel agents as provided in the KOPT Scale of Rates in force.

SECTION - C - BERTH HIRE CHARGES

2.2. Berth Hire Charges at Berth No. 4A shall be payable to ISPHL by Masters/ owners/ agents of the vessel at the rates specified below.

Description	Unit Rate per GRT/ per hour or part thereof	
	Foreign-going vessel (US$)	Coastal vessel (₹)
Berth 4 A	0.0028	0.0743

General Notes relating to Berth hire:

(i). The minimum berth hire payable is US$280 in case of foreign going vessels and ₹ 7430/- in case of coastal vessels.

(ii). Berth hire for the period of 1 hour in which the vessel changes its status can be charged on the basis of the status of the vessel at the beginning of the relevant block of 1 hour period.

(iii). The berth hire shall be leviable from the time the vessel occupies the berth till the time the vessel leaves the berth.

(iv). Whenever a Vessel is double/ triple banked with another vessel occupying the Berth, the Vessel so double / triple banked will be charged at the rate of 50% of the Berth hire charges specified above provided the vessel is in non-working condition.

(v). (a). No berth hire shall be levied on vessel after expiry of 4 hours from the time of signaling its readiness to sail.

(b). The time limit of 4 hours prescribed for cessation of Berth Hire shall exclude the ship's waiting time for want of favorable tidal conditions, inclement weather and due to lack of night navigation.

(c). The master / agent of the vessel shall signal readiness to ISPHL and HDC only in accordance with favorable tidal and weather conditions.

(d). There shall be a penal rate equal to one day's (24 hours) berth hire charge for a false signal.

'False Signal' would be when a ship signals readiness and asks for a pilot in anticipation even when she is not ready for un-berthing due to engine not being ready or cargo operation not completed or such other reason attributable to the vessel. This excludes the signaling readiness when a ship is not able to sail due to unfavourable tide, lack of night navigation or adverse weather conditions.

(vi). Incase a vessel idles due to non availability or breakdown of the ISPHL equipment or power failure at ISPHL or any other reasons attributable to ISPHL, rebate equivalent to berth hire charges accrued during the period of idling of the vessel shall be allowed.

2.3. Penal Berth Hire Charges

2.3.1. Penal berth hire charges shall become payable for over-stayal of the vessel beyond the berth occupancy as per the norms given in clause 2.5 if the norms cannot be achieved due to any reasons attributable to the vessel.

2.3.2. Vessels, which require closing hatches/draft survey, shall be permitted to occupy the berth after completion of cargo operation without attracting penal berth hire charges for four hours.

2.4. Penal berth hire charges shall be levied in addition to normal berth hire for the period of over-stayal at the rates prescribed below.

Sl. No.	Particulars	Rate per GRT per hour	
		Foreign-going vessel (in US $)	Coastal vessel (in ₹)
(i).	Upto 6 hours	0.0050	0.1338
(ii).	Above 6 hours & upto 12 hours	0.0100	0.2676
(iii).	Above 12 hours & upto 18 hours	0.0200	0.5352
(iv).	Above 18 hours per day or part thereof	0.0400	1.0704

2.5. Commodity wise per day output rates

Sl. No.	Nomenclature	Output per WWD (in MT)
(i).	Coking coal	14000

Note: The above output is based on two workable hatches or pro-rata, if less.

PART - III CARGO RELATED CHARGES

SECTION A – SUPPLY OF MANPOWER AND MOBILE EQUIPMENT

3.1. These Charges shall be payable by the importer/ exporter of cargo to ISPHL on the draft survey quantity of cargo at the rates specified below for supply of man power and mobile equipment inside the holds of the vessel.

Sr. No.	Particulars of Commodity	Rate per metric tonne (₹)	
		Foreign	Coastal
(i).	Coking coal	9.57	5.74

Notes:

The weight to be charged shall be computed on the basis of the draft survey weight on arrival of the vessel and on completion of cargo discharge/ shipment

SECTION B - WHARFAGE CHARGES

3.2. Wharfage charges shall be payable by the importer/ exporter of cargo to ISPHL on the draft survey quantity of cargo at the rates specified below, and shall cover transfer of cargo up to stack yard, i.e.,

(i) Unloading of cargo from Vessel to Berth or vice versa,

(ii) Movement of cargo from Berth till TP-2 or vice versa, and

(iii) Cleaning Charges

(iv) Dust suppression services wherever necessary and provided.

Sr. No.	Particulars of Commodity	Rate per metric tonne (₹)	
		Foreign	Coastal
(i).	Coking coal	78.30	46.98

Notes:

The weight to be charged shall be computed on the basis of the draft survey weight on arrival of the vessel and on completion of cargo discharge/shipment.

SECTION C - SHORE HANDLING CHARGES

3.3. Shore Handling Charges shall be payable to ISPHL by the importer/exporter on the draft survey quantity of cargo at the rates specified below and will cover

(i) Conveying from TP-2 to the stack yard in ISPHL Premises.

(ii) Stacking the same with the help of Stacker & Reclaimer and other mobile equipments to avoid mix up and contamination.

(iii) Heaping the cargo, dozing, covering the cargo with tarpaulin to avoid sliding during rain and flying away during wind, extra dozing for accommodating more cargo and dozing in while loading wagon to enable reclaiming by the reclaimer, Collection of spillage right from vessel to stack yard and to transmission, water sprinkling, system cleaning, keeping the cargo grade-wise at different bay, keeping drainage system in proper working condition with continuous maintenance.

Sr. No.	Particulars of Commodity	Rate per metric tonne (₹)	
		Foreign	Coastal
(i).	Coking coal	91.35	54.81

Notes:

The weight to be charged shall be computed on the basis of the draft survey weight on arrival of the vessel and on completion of cargo discharge/shipment.

SECTION D - DELIVERY CHARGES

3.4.1. For delivery of cargo by mechanized wagon loading system charges shall be payable to ISPHL by the importer/ exporter on the draft survey quantity of cargo at the rates specified below.

3.4.2 Delivery Charges will cover

(i) Reclaiming cargo from the Stack Yard within ISPHL Premises by Stacker & Reclaimer.

(ii) Conveying and loading into the wagon, through the wagon loader, maintaining proper profile of loading as per the carrying capacity of the wagon.

(iii) Loading of cargo as per grade and as per requirement for various plant destinations.

Sr. No.	Particulars of Commodity	Rate per metric tonne (₹)
(i).	Coking coal	30.45

3.5.1. For delivery of cargo by loading trucks by conventional method charges shall be payable to ISPHL by the importer/ exporter on the draft survey quantity of cargo at the rates specified below.

3.5.2. Delivery Charges will cover

(i) Reclaiming from the Stack Yard within ISPHL Premises by front end loader.

(ii) Loading into the trucks through the front-end loader maintaining proper profile of loading as per the carrying capacity of the truck.

(iii) Loading as per grade and plant site requirement

Sr. No.	Particulars of Commodity	Rate per metric tonne (₹)
(i).	Coking coal	17.40

SECTION E - GROUND RENT / STORAGE CHARGES

3.6. All the cargo, which is received at ISPHL Berth No. 4A for export / outward and/or import / inward handling, shall be stored in the stack yard at ISPHL Premises. The charges for Storage / Ground Rent for the stack yard at ISPHL Premises shall be charged as follows:

Sr. No.	Particulars of Commodity	Rate per metric tonne per day for the period beyond 21^{st} day for the balance cargo (₹)
(i).	Coking coal	43.50

NOTE:

i) Twenty-one free days shall be allowed after the complete discharge of vessel's cargo in case of imports and the date of arrival of cargo at the yard in ISPHL Premises in case of exports.

ii) For the purpose of calculating the free period Customs notified holidays and Port/ ISPHL Berth non-working days shall be excluded.

iii) Ground rent /storage charges shall be payable for all days including Sundays and customs notified holidays for stay of cargo beyond the prescribed free days.

SECTION F – MISCELLANEOUS (OPTIONAL SERVICES)

Sr. No.	Particulars	Rate per metric tonne (₹)
(i).	Weighment charges for in-motion weigh bridge empty and loaded including weighment certificate	5/-
(ii).	Loading, unloading & restacking of cargo	20/-
(iii).	Taking Photograph of loaded wagons converting into CD and supplying 2 CDs wagon wise / rake wise.	100/- per Wagon
(iv).	Siding Charges	5/-
(v)	Retrieving cargo which spills over in transit to the conveyor system/stack yard to minimize loss	5/-
(vi)	Charges for On-line Sampling for Moisture analysis of Receipt and Despatch Cargo	5/-
(vii)	Despatch related services for rail bound cargo through Berth No. 4A, including trimming, cleaning, labeling & lime spraying	10/-
(viii)	Quarterly Survey of Stock by approved surveyor	3/-

PART – IV - CHARGES FOR OTHER SERVICES

4.1. Visitor Entry Pass:	Yearly	Monthly	Daily
(a) Per Application	₹ 200	₹ 50	₹ 20
(b) Per Replacement	₹ 50	₹ 50	₹ 20

4.2 Vehicle Entry Pass (for vehicles other than the vehicles entering the terminal for delivery/dispatch of cargo): ₹ 75/- per entry

4.3 Photography:

(i). Film shooting and photography	₹ 8500/- per day
(ii). Taking photographs of Crews and Others	₹ 225/- per day
(iii). Videography (related to operational activities)	₹ 2500/- per day

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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

F. No.TAMP/72/2012- ISHPL - Proposal from the International Seaports (Haldia) Private Limited for general revision of its Scale of Rates.

The summary of the comments of the users and the comments of ISHPL thereon are tabulated below:

	Comments of users	Comments of ISHPL
1.	**The Bengal Chamber of Commerce**	
(i).	The detailed costing tabulated in the Report and the innumerable minute details of the costing cannot be verified.	The ISHPL has not responded to the comments of the BCC.
(ii).	All vessel related charges like Pilotage, Berth hire, port charges etc., are levied as per the KOPT SOR approved by TAMP. ISHPL has nothing to do in respect of vessel related charges. In this connection, it is not clear why ISHPL has made comments on the vessel related charges and are showing an increase in berth charges.	
(iii).	The ISHPL is seen to have sought an increase of around 16 – 18% over the tariff of 2012-13. It is surprising that despite the increase asked for, the ISHPL is indicating net loss in each of the next three years based on a cargo throughput of 2.3 million tonnes at Berth no. 4A. It is surprising that they would want to continue to do business at Berth no. 4A despite projecting losses.	
2.	**Steel Authority of India Limited**	
(i).	Volume of Coastal Cargo: The volume of coastal cargo during last 3 years is much lower compared to the projected/estimated. The projection of such high volume of coastal cargo needs to be explained by ISHPL.	The matter has been reviewed and the projected coastal cargo is being considered as 10%, 15% & 25% for F.Y.2013-14, 2014-15 and 2015-16 respectively.
(ii).	Cargo Throughput: The cargo throughput projected is 2.3 million ton on annually, which is much lower than actual handling during the years 2009-10, 2010-11.	Matter has been reviewed and the projected cargo throughput has been revised as 2.75 million tonnes for each of FY 2013-14, 2014-15 and 2015-16.
(iii).	Cl.No.1.2 – General Terms & Condition, Cl.no. 2.5, 3.1, 3.2, 3.3: Under the nomenclature / particulars of commodities – 'coking coal' have been mentioned. It may be clarified by ISHPL that this includes 'imported' as well as 'coastal' cargo.	Coking coal includes both imported/ foreign as well as coastal.
(iv).	Under section 'C' clause no.3: In case of shore handling charges, no rebate have proposed for coastal cargo. Applicable rebate for coastal cargo for shore handling may be considered.	Already incorporated in the proposal.

(v).	It is requested that the financial data submitted by ISHPL may be examined by TAMP.	---

2. The summary of the comments of the KOPT and the comments of ISHPL thereon are tabulated below:

	Comments of KOPT	Comments of ISHPL
A	**Interim comments**	
(i).	While forwarding its comments against last proposal of ISHPL for revision of their tariff for various services rendered by it at 4A, Haldia Dock Complex, KOPT had highlighted the salient provisions of the License Agreement and KOPT's position with regard to the same, vide letters dated 15 June 2006. The position of KOPT was further clarified vide letter dated 14 September 2006. Subsequently, while dealing with the proposal of ISHPL for revision of their SOR, the position of KOPT with regard to royalty payable by ISHPL was informed to TAMP vide para-5 of Annexure-I of letter dated 18 August 2010. The position of KOPT so communicated to TAMP may be considered by TAMP while making any material determination with regard of the Scale of Rates of ISHPL.	The Royalty is based on the relevant clauses of License Agreement. Furthermore, in para 10.iv (b).Page 16 of the TAMP Order dated 19 February 2007, there are clear guidelines for payment of Royalty. [Para 10 (iv)(b) of Order dated 19.02.2007: "Considering the NPV of the revenue streams arising out of the quotes of ISHPL and the second highest bidder, the NPV of the revenue streams quoted by second highest bidder is 91.33% of the NPV of revenue streams quoted by the ISHPL. Therefore, 91.33% of the revenue share quoted by ISHPL is considered as pass through. The admissible royalty works out to ₹1366.48 lakhs, ₹1257.76 lakhs, ₹1060.26 lakhs and ₹1187.64 lakhs for the years 2005-06 to 2008-09 respectively, which have been considered as cost for the respective years. This Authority has recently disposed of the general revision proposal of KOPT for review of its tariff. The revised cargo related charges will come into effect at KOPT by the end of this financial year. As per the LA provisions, the ISHPL has to pay revenue share on the applicable cargo handling charges as per prevailing Scale of Rates of KOPT. The then prescribed on board and wharfage charges of ₹90/- per tonne for coal handled through mechanical system will stand modified to ₹81/- per tonne, atleast from the financial year 2007-08 and will be valid till the financial year 2008-09. In view of this position, the royalty payment admissible for ISHPL for the years 2007-08 and 2008-09 has been calculated on the revised wharfage rate approved for KOPT."
(ii).	ISHPL is not entitled to the revenue earned by them from the space not leased to them and accordingly, they are not permitted to recover berth hire charges for double/triple banked vessels. The matter has already been taken up with TAMP. TAMP is	Berth Hire is for use of the berth, whether it is single berthing i.e. alongside the berth or double/triple banking and such berth hire charges are payable because of the existence of the berth and for its

	requested to declare the rate for such operations in the SOR of the licensee inoperative. Further no rate against such operation should be allowed to ISHPL against ISHPL's proposal of revision of their scale of rates.	usage. Double/triple banking would not arise if the berth was not there. Double/triple banking is impediment to discharge operation at berth no.4A and also has a safety hazard attached to it. Over all double/triple banking is undesirable and hence ISHPL is not in favour of the same and this was communicated to HDC. However, if double/triple banking continues berth hire charges would be payable to ISHPL.
(iii).	ISHPL has been raising consolidated bills on their customer, wherefrom tariff for different services are not identifiable. This has been leading to difficulty in proper assessment of royalty vis-à-vis levy of appropriate tariff by them, ISHPL was requested time and again to segregate the different services and charges thereof. But they have not given the particulars. The matter has also been referred to TAMP, who vide letters no. TAMP/3/2003-Misc dated 03.03.2009 and TAMP/3/2003-ISHPL dated 08.04.2009 directed ISHPL to offer comments on the issue. The TAMP, under Clause 17(xi) of their order dated 19.01.2011 approving the existing scale of rates of ISHPL, stated amongst others, that 'as per the provisions of the Major Port Trusts Act, 1963, this Authority is mandated to frame the Scale of Rates and statement of conditions for the Major Ports and Private Terminals operating thereat and the agreement entered between two parties cannot supersede the statutory provisions. Further, as provided under Section 42(4) of the Major Port Trusts Act, the scale of rates approved by this Authority is binding on the ISHPL and therefore, the ISHPL is advised to scrupulously follow the scale of rates and the conditionalities prescribed therein for rendering the services at the terminal and to ensure any agreement entered into by it does not violate the provisions of the notified SOR. In this context, it's worthy to mention that ISHPL has been continuing to issue bills on consolidated charge basis, there is no scope to identify whether or not the tariff for individual services, as approved by TAMP are really levied by ISHPL or not. Hence, it is felt that apart from creating difficulty to KOPT in proper assessment of royalty (as was earlier intimated to TAMP), such billing by ISHPL on consolidated rate basis is in violation of the order of TAMP. It is, however, seen that ISHPL has indicated income from various activities like 'On board'. 'Wharfage', 'Shore handling' and 'delivery charge' separately in the Form 2B against all the years from 2009-10. As ISHPL is raising consolidated bills to their customer, the manner of item-wise segregation of the said consolidated bill may be sought from ISHPL with documentary evidence.	Royalty payable to KOPT/HDC forms an integral part of TAMP order of February 2007 and hence KOPT/HDC should not have any difficulty in ascertaining the royalty payable by ISHPL on the basis of TAMP order and this has already been replied in para i above. Further though billing is on a consolidated basis but it is within the limit of SOR notified by TAMP.

<table>
<tr><td>(iv).</td><td>In terms of Clause 18.2 of the Order of TAMP dated 19.01.2011 approving the existing scale of rates of ISHPL for the effect of their Scale of Rates, ISHPL was required to complete installation of high mast towers by 31.03.2012, which has not been done by them so far.</td><td>During the period under review, ISHPL has increased the illumination at certain sensitive areas and this additional illumination was considered to be adequate and hence the plan for installation of high mast tower for lighting was kept in abeyance.</td></tr>
<tr><td>(v).</td><td>Further, chapter vise comments of KOPT against the proposal of ISHPL for revision of their scale of rates are given below:</td><td></td></tr>
<tr><td>(a)</td><td>Comments on ISHPL letter no. ISHPL/Kol/2012-13 dated 9.11.12:</td><td></td></tr>
<tr><td>(i)</td><td>Comments on para 2 &3 of the letter:</td><td></td></tr>
<tr><td></td><td>During the last three years and during the current year, ISHPL has handled the following volume of cargo comprised of cocking coal at Berth No.4A as indicated in the table below:
<table>
<tr><th rowspan="2">Year</th><th colspan="2">Foreign</th><th colspan="2">Coastal</th><th colspan="2">Total</th><th rowspan="2">Overall Average parcel load</th><th rowspan="2">% of Coastal cargo in total volume</th></tr>
<tr><th>Cargo (MT)</th><th>No. of vessels</th><th>Cargo (MT)</th><th>No. of vessels</th><th>Cargo (MT)</th><th>No. of vessels</th></tr>
<tr><td>2009-10</td><td>2864389</td><td>112</td><td>337919</td><td>28</td><td>3202308</td><td>138</td><td>23205</td><td>10.55</td></tr>
<tr><td>2010-11</td><td>2541222</td><td>99</td><td>359068</td><td>23</td><td>2900290</td><td>122</td><td>23772</td><td>12.38</td></tr>
<tr><td>2011-12</td><td>1784700</td><td>71</td><td>43839</td><td>3</td><td>1828539</td><td>74</td><td>24710</td><td>2.39</td></tr>
<tr><td>2012-13 (Till Dec 12)</td><td>161020</td><td>72</td><td>0</td><td>0</td><td>1961020</td><td>72</td><td>27236</td><td>0</td></tr>
</table>

The operations at Berth No.2 & 8 commenced on and from 11.08.2010 and 14.08.2010 respectively. As such, it may be seen from the above figures that ISHPL's contention regarding fall in cargo volume at Berth Nos 4A due to MHC operations at Berth No.2 and 8 is not entirely correct. The fall in volume of cargo during 2011-12 was primarily due to shut down of the plant for about three months. Further, the contractor engaged by the KOPT for equipping of Berth No. 2 & 8 has since abandoned the work and accordingly, the Berth No.4A is effectively the only berth at HDC at present where mechanical unloading of coal can take place on sustainable basis.

KOPT's plan of provision of MHC service at Berth No.4B is also not likely affect the throughput at Berth No.4a, as contended by ISHPL. During the last three years till 31.12.2012, 452395 MT, 168699 MT & 154257 MT of coking coal by 23, 7 & 9 number of ships and 1023263 MT, 1408052 MT & 729441 MT of non-coking coal by 54.75 & 37 number of ships were handled at Berth No. 4B. All such ships were geared vessels and the vast majority of the same was on account of importers other than SAIL and as aforesaid, ISHPL has never endeavored so far to attract and handle cargo account any such NON-SAIL importer at Berth No. 4A.

It is worthy to mention in this context, against repeated request of KOPT to use Berth No. 4A as a common user facility to handle different types of cargo permitted under the License Agreement, ISHPL so far has been handling coking coal cargo</td><td>The issue related to quantity and percentage of coastal cargo was discussed during the joint hearing dated 7 August 2013. The traffic projections have been modified at 2.75 Million MT in ISHPL revised proposal as suggested by KOPT, HDC which takes care of idle time and availability of cargo. Equipment are designed for unidirectional flow and such mechanized equipment is suitable for large volumes. Hence it is not possible to handle a mix of various cargoes in small quantities. However, depending on situation in future we may have to look for alternate cargo/users.</td></tr>
</table>

	on account SAIL only and no effort on their part has been noticed regarding promoting cargo of other users through this berth. As such their contention/apprehension of reduction in cargo volume is difficult to accept. In fact, even after handling the above volume of cargo, Berth no.4A remained idle from time to time when ISHPL could have handled cargo of other importers, which they did not endeavor. Relevantly, as against the condition of the License Agreement for using Berth No.4A as a common user facility, ISHPL has entered into long term contract with SAIL with committed cargo guarantee from SAIL for this berth. As such, ISHPL is well protected from the fall in cargo volume. Although as per the license agreement ISHPL is entitled to handle different cargo like cocking coal, fertilizer, fertilizer raw material, soda ash and other dry bulk cargo, they had been handling and giving protection only for coking coal cargo for Berth 4A and has obtained rate from TAMP for coking coal only, which actually is causing underutilization of the berth and hence contrary to their contention regarding lack of cargo volume at the berth. TAMP may consider the use of Berth No.4A by ISHPL on 'Common User basis' so that unused capacity if any apprehended by ISHPL can be made good by proper marketing and endeavor by ISHPL.	
(ii).	Comment on para 5 of the letter:	
	Regarding taking a higher inflation rate in line with what is being demanded by the labour force at HDC,ISHPL may be advised by TAMP to submit proper supportive document.	Revised proposal has been submitted.
(iii).	Comment on para 6 of the letter:	
	It was adequately indicated in KOPT's comments to TAMP on ISHPL tariff proposal earlier that ISHPL has not been paying royalty as per provisions of the License Agreement and their failure to do so have resulted in less payment of royalty to KOPT for which an Arbitration as well as litigation are already in progress.	Reply at para (i) of interim comments may be referred.
(iv).	Comment on para 8 of the letter:	
	ISHPL's indication about cost involvement in expansion of stock yard could not be understood, as they have not taken any additional land from HDC so far for this purpose.	A plot of land within the licensed premises had been earmarked by ISHPL for expansion of stock yard. However, this site had to be allocated for installation of two D.G. sets on the advice of statutory bodies/ supplier since they felt that the plot earlier earmarked for DG sets was not suitable. Hence it was not possible to implement expansion of stock yard.
(v).	Comment on para 9 of the letter:	
	The mode of recovery of cargo handling charges, as indicated in this letter, is absolutely internal arrangement between ISHPL and SAIL. The License Agreement between ISHPL and KOPT is drawn under the provisions of MPT Act, 1963, which amongst other, provides that cargo handling charges	The actual position has been indicated for consideration. [ISHPL in its proposal stated that it has considered 70% of the dues from SAIL for 15 days as debtors outstanding since it receives 30% as advance and the

	are recoverable by the service provider prior to rendering the service. Further, comments in this regard would be furnished after examination of the audited accounts.	balance payment is made after material is despatched and bills are raised.]
(b).	Comment on Form 1:	
(i).	Although ISHPL have been proposing and getting approval of TAMP for service itemwise tariff, they have been charging SAIL on composite rate basis (as per their agreement with SAIL), which is also known to TAMP and KOPT's representation to TAMP in this regard remains unaddressed. KOPT again objects and emphasizes that for the tariff levied by ISHPL on SAIL, the service wise rates must be reflected in the invoices for clear understanding and to ensure as to whether tariff is levied by ISHPL as per the rates approved by TAMP.	ISHPL is raising consolidated bill for different services, but the rates are within the limit of SOR as notified by TAMP.
(ii).	ISHPL may be advised to reconcile the rates indicated under para no.4 with the average cost reflected under para no. 5. Further, as they have so far handled cargo of a single user only, they may be advised to give break up of earning from the optional services.	Revised proposal has been submitted.
(c).	Comment on Form 2B:	
	Income projection should be commensurate with the traffic projection to be recast. Average storage time of cargo in line with the demurrage categories, though required under Note 1 of Form 2B is not furnished by ISHPL.	Revised proposal has been submitted.
(d).	Comment on Form 3A:	
	While indicating Royalty payment against S.No.II, applicable royalty on demurrage has not been considered. The royalty amount should be indicated considering the royalty payable to KOPT on demurrage in terms of the provision of License Agreement. Further, comments in this regard would be furnished after examination of the audited accounts.	Replied in para 3(i) above
(e).	Comment on Form 3B:	
	Against Sr. No. IX(c), cost towards demurrage payment has been indicated, which presumably was due to failure in achieving agreed rate of output thus indicating a productivity linked rate. It that be so, they must be gaining where the caused output above agreed level. Accordingly, the instant proposal should contain productivity linked tariff, keeping provision of incentive receivable by ISHPL for higher level of productivity. Further comments in this regard would be furnished after examination of audited accounts.	There is no incentive clause.
(f).	Comments on Scale of rates:	The revised proposal takes care of the issues raised in this para.
	Sec.1.1. (ix). In second line 'incorporated under **of** Laws of India' should be modified as 'under **the** Laws of India'	
	Sec.1.1.(x). The phrase 'under the License **Agreement**' should be corrected as 'under the License **Agreement with Kolkata Port Trust**'	
	Sec1.1. (xvii). The word '**Port'**/ '**Port premises**' should be replaced with the word '**ISHPL premises**'	

	Sec.1.2.(v). The phrase 'staying in the **ISHPL**' should be modified as 'staying at the **ISHPL-Premises**'	
	Sec.1.2.(viii). The provision of considering chargeable unit on the basis of '**upto 0.5 decimal unit**' and '**more than 0.5 decimal unit'** contradicts with the provision laid under Sec.1.2(vii). Further, consideration of 'measurement by volume' has no relevance, as neither any such cargo has been handled at Berth No.4A so far nor ISHPL has proposed any rate on volume basis. Hence, this section may be deleted.	
	Sec.1.2.(ix).(d). The phrase '**on production** of all documents' should be modified as '**on receipt** of all documents'	
	Sec.1.2.(xi)(b). The phrase '(as given in Clause 3.1 & 3.2 only)' should be deleted. As per TAMP guidelines, the coastal rate should be applicable on all cargo handling charges including but not limited to shore handling charges as well.	
	Sec.1.2.(xiii)(a). The word '**port**' should be replaced by the word '**ISHPL**'	
	Sec.1.2.(xiii)(c). The word '**port**' should be replaced by the word '**ISHPL**'	
	Sec.2.1. The abbreviation '**KOPT**' should be written as '**KOPT**'	
	Sec.2.2(v)(d) (General Notes): The phrase 'non availability or break down of **port** equipment or power failure at ISHPL' should be replaced with the phrase 'non availability or break down of **ISHPL** equipment or power failure at ISHPL'	
B	**Final comments**	
(i).	The actual income of ISHPL from Cargo Handling charges for 2011-12 stood at ₹50.925 crore (approx.) as per the audited accounts. During the said period ISHPL had handled 17.85 lakh tonne of foreign coal and 0.44 lakh tonne of coastal coal as per information furnished under form-2A. Even if for theoretical consideration, it is assumed that all the miscellaneous charges (Section – F of SOR) are levied against the entire cargo handled at the berth, the maximum allowable income from all services comes to ₹48.03 crore (approx.) If miscellaneous service of 'Loading/ Unloading/ Restacking of cargo is excluded (as such services is expected to be provided only rarely in case of mechanical berths like Berth No.-4A), the allowable income from all other services comes to ₹44.37 crore. A calculation in above respect has been furnished by the KOPT. The above position prima facie indicates levy of charges in excess of rates approved by TAMP by ISHPL. ISHPL may accordingly be advised to reconcile the cargo income reflected in the Audited Accounts with	Revised proposal has been submitted with TAMP detailing out the charges levied by ISHPL in the prescribed format.

<table>
<tr><td></td><td>the rates approved by the TAMP and the cargo handled during the year. ISHPL may also be advised to indicate the charges levied by them on SAIL against handling of coastal vessels.</td><td></td></tr>
<tr><td>(ii).</td><td>The expenditure towards Royalty/Revenue share as shown in Form 3A is not tallying with the audited accounts of 2009-10 to 2011-12. ISHPL may be advised to reconcile the figures. The position reflected in the audited accounts of ISHPL in this respect however tally with the KOPT's records of royalty payment received from ISHPL.</td><td>The Royalty/Revenue share as shown in Form 3A is as per guidelines / directive of TAMP, which may please be compared accordingly.</td></tr>
<tr><td>(iii).</td><td>ISHPL has considered the proceeds against encashment of Security Deposit Bank Guarantee of ₹10.00 crore by KOPT, as short term loans/ advance. KOPT disputes such treatment and considers that the said amount is paid against due royalty. In any case the said amount should not be considered in determination of working capital.</td><td>HDC, KOPT has stated the encashment of Bank Guarantee of ₹10 crore is against Royalty since the interpretation of what is payable is still being disputed. In view of this, it is wrongful encashment of BG by HDC, KOPT. Therefore, this amount has to be adjusted towards the Royalty payable to HDC, KOPT for future years. In view of this, the amount of ₹10 crore is taken as Prepayment / advance against Royalty for all the future years under review and should be considered in determination of working capital.</td></tr>
<tr><td>(iv).</td><td>The sundry debtors includes amount ISHPL considered receivable from KOPT against double banking charges. KOPT considers that ISHPL is not entitled to collect berth hire charges against vessels double/triple banked at Berth No.4A. In any case the said amount should not be considered in determination of working capital.</td><td>ISHPL reply on para (ii) of interim comments may be referred. Further to above, the billing made to KOPT, HDC for Parking and Double banking charges are booked as income in Audited Accounts for accounting purpose, but the same has not been accepted by HDC, KOPT and they have refused to pay ISHPL demand on this account for last several years. In view of this, it is strongly felt that this income should not be considered as income of ISHPL by TAMP not only for future years but also for the past financial years under review since this has not been accepted by HDC and consequently there is no income that has accrued to ISHPL on this account. The income as booked as “Parking and Double Banking charges” has been excluded from the Revised proposal submitted to TAMP. In that case ONLY, it may not be considered in determination of working capital and ISHPL has suitably excluded this RIGHTFUL receivable from HDC.KOPT, which is under dispute, while calculating the working capital.</td></tr>
<tr><td>(v).</td><td>Traffic Projection considered by ISHPL in their proposal:
It is seen from the ISHPL proposal that they have considered the following traffic projections for the period from 2012-13 to 2015-16.

<table><tr><th>Cargo</th><th>2012-13</th><th>2013-14</th><th>2014-15</th><th>2015-16</th></tr><tr><td>Coal (Foreign)</td><td>23.00</td><td>14.95</td><td>12.65</td><td>12.65</td></tr><tr><td>Coal (Coastal)</td><td>0</td><td>8.05</td><td>10.35</td><td>10.35</td></tr></table></td><td>Revised proposal has been submitted considering the projected cargo throughput as 2.75 Million tones for each of FY: 2013-14, 2014-15 and 2015-16 as per the suggestion of HDC, KOPT.</td></tr>
</table>

<table>
<tr><td></td><td>It is further observed from the above that all through the next four years they have projected a total of 2.3 MMT of coal per annum to be handled at Berth No. 4A. In fact, this projection is nothing but the commitment given by SAIL to ISHPL to handle minimum quantity of 2.3 MMT of their imported coal through Berth No. 4A. In this connection, it may be stated that ISHPL instead of utilizing berth no. 4A as a Common User facility, handled only cargo of SAIL since commencement of commercial operation of Berth no. 4A. They have been time and again advised to use Berth No. 4A as a Common User facility and thereby to handle other importer's cargo so that Berth No. 4A can be optimally utilized and KOPT as well as ISHPL can generate further revenue out of Berth No. 4A. However, ISHPL is still utilizing Berth No.4A only for handling SAIL's imported Cocking Coal and it may be seen from the records that even after handling SAIL's cocking coal there have been spare capacity of Berth No.4A.

For 2012-13, the cargo projection for Berth No. 4A may be considered at 2.7 MMT, based on the actual handling of 2.27 MMT of cargo at this berth till 31.01.2013. KOPT feels that Traffic projection of 2.75 MMT may be considered for the next three years commencing from 2013-14.</td><td></td></tr>
<tr><td>(vi).</td><td>The projection of coastal coal for handling Berth No. 4A as indicated by ISHPL from 2013-14 is on the higher side as SAIL has no plan for immediate handling of coastal cargo at Berth No.4A. In fact, no coastal cargo has been handled at Berth No.4A during this year (2012-13) as mobilization of coastal cargo is very expensive for SAIL. As a matter of fact SAIL always avoids coastal movements and only when there is extreme emergency they are forced to mobilize coal through coastal movement.

However, if ISHPL considers handling of vessels on account of other users at Berth No. 4A, the following projection for coastal cargo movement through Berth No. 4A may be considered.
<table>
<tr><th>Year</th><th>Volume of coastal cargo projected to be handled (as a % of total cargo)</th></tr>
<tr><td>2013-14</td><td>5%</td></tr>
<tr><td>2014-15</td><td>30%</td></tr>
<tr><td>2015-16</td><td>30%</td></tr>
</table></td><td>Revised proposal has been submitted considering the share of coastal cargo as 10%, 15% & 25% for FY 2013-14, 2014-15 & 2015-16 respectively.</td></tr>
</table>

3. A joint hearing in this case was held on 07 August 2013 at the Kolkata Port Trust (KOPT) premises. At the joint hearing, the ISHPL, KOPT as well as the users have made the following submissions:

International Seaports (Haldia) Pvt. Ltd.

(i). We have received the comments of users and the KOPT on our original proposal. We will reply.

(ii). We have finalized our accounts for 2012-13 and our Accounts have been audited. We want to rework our proposal based on actuals for 2012-13. Please give us time. We agree to file the revised proposal by 15 September 2013.

(iii). Coastal cargo is not a regular phenomenon. We have assumed Coastal Cargo proportion for future years based on the suggestions made by KOPT in the previous review of our tariff.

Steel Authority of India Ltd.

(i). We have given our written comments

(ii). The actual volume handled in the past years 2009-10 and 2010-11 is higher than 2.3. million Tonnes projected by ISHPL. TAMP may look into the traffic projections.

(iii). Coastal volume in the last three years is in the range of 0% to about 10% and much lower than the projected coastal volume at 35%.

(iv). The proposed increase of 30% in wharfage should be looked into.

Kolkata Port Trust

We have already given our written comments. At this stage we have no further comments to offer. If ISHPL revises its proposal, we will comment on them.

4 Some of the users viz., Indian National Shipowners Association (INSA), Steel Authority of India (SAIL) and KOPT have furnished their comments on the revised proposal. These comments have been forwarded to the ISHPL as feedback information. The ISHPL did not respond either to the comments of the users or of the KOPT till the finalization of the case, inspite of reminders. The comments received from the users and the KOPT are given below:

(1). **Indian National Shipowners Association (INSA)**

(i). The Form A details showing average cost for typical user shows that the increase in handling charges i.e. under heads of Cargo Handling and Other/Optional services are increased by about 13.7 and 12.66% respectively. However, in vessel related charges, for Berth Hire, it's showing an increase of 42.8% and 34.5% for Foreign Going and Coastal vessel respectively.

Whereas, statements 5c I & ii giving Capital Employed and Costs for vessel related activity show no addition of Assets i.e. investment for development or improvement for vessel handling activities. The noticeable increase in cost is only depreciation and towards Management & Administrative expenses. INSA do not find it justifiable to propose a steep hike of recovery in vessel related charges.

(ii). Operator in its submission has mentioned of having carried out major repairs in previous year (2011-12) on ship Un-loaders. This should logically result in higher recovery in cargo handling charges in comparison to Vessel related charges

(iii). Coal being the major commodity handled in the terminal it would be important to see actual performance of the quantity and income for handling cost.

Following table shows actual performance of terminal for Coal commodity and also the projected figures for the last year operation.

	Actuals				Projections
Coal	**2009-10**	**2010-11**	**2011-12**	**2012-13**	**2015-16**
Quantity	32.29	29	18.29	27.46	27.5
Total Income	6961	6873	5093	7928	6825
Per Unit Income	215.6	237.0	278.5	288.7	248.2
Change/unit		21.4	41.5	10.3	-40.5
% change		10%	17%	4%	-14%
Year 2011-12 is a year shown of major maintenance					

It is evident that per unit income from coal has shown a good consistent growth. Even actual figures of 2012-13 shows a substantial growth in terms of total income and also per unit income. From media reports increased requirements and imports of Coal is expected. So it is incomprehensible that the projection for 2015-16 should be showing such huge reduction in volume and also the income. In fact it establishes the need and scope for higher recovery which is being made from vessel related charges which are already high at Indian ports.

(iv). Form 6 – Analysis of Efficiency and Productivity Improvement is blank. Guidelines require that improvement in successive years should be reflected in the proposal to justify investment and increase in cost or recovery from users.

(2). **Steel Authority of India (SAIL)**

(i). The volume of coastal cargo during the last 3 years is much lower compared to the projected/estimated in the proposal. This may be reviewed.

(ii). The financial data submitted by ISHPL may be examined by TAMP.

(3). **Kolkata Port Trust**

(i) While dealing with the last proposal of ISHPL of Nov 2012, it appeared that prima facie ISHPL had recovered cargo charges in excess of the rates approved by TAMP during 2011-13. The matter was informed to TAMP through KOPT's letter to TAMP dated 27.02.2013. ISHPL has since clarified that revised proposal has been submitted with TAMP detailing out the charges levied by ISHPL in the prescribed format.

The details provided by ISHPL in Form-2B has been re checked and it appears that while the income against various heads of cargo earning like On board charges, Wharfage, Shore Handling Charges and Delivery charges tallies with the rates approved by TAMP, the income from optional services is apparently in excess of the charges approved by TAMP.

The total of rates of all optional services approved by TAMP is ₹54.67 per MT and multiplied by the cargo throughput of 1.829 MMT, this translates to a maximum permissible income of ₹9.998 crores, while in the cost statement the income from these services during the year 2011-12 has been shown as ₹12.90 crores.

Accordingly, the clarification provided by ISHPL does not explain the issue raised by KOPT earlier.

In the matter it is also seen that under Form-I, Para-5, ISHPL has indicated that the total of all optional services as per existing SOR is ₹98.17 per MT. However, as per our calculation the same is coming to ₹54.67 per MT only. ISHPL may be advised to provide the breakup of ₹98.17 per MT mentioned by them.

(ii). Examination of Cargo and Vessel Income indicated in the cost statement vis-à-vis audited accounts reveals some differences between the two sets of documents as below:

[₹ in Lakhs]

Year	Cargo Income		Vessel Income	
	Audited Accounts	Cost Statement	Audited Accounts	Cost Statement
2009-10	6870.96	6961.00	404.77	298.10
2010-11	7014.01	6873.00	337.61	263.60
2011-12	5092.50	5093.00	231.05	195.40

Similar differences have been noticed in the Royalty expenses reported, as below:

Year	Royalty Expense	
	Audited Accounts	Cost Statement
2009-10	1536.40	1403
2010-11	1377.22	1258
2011-12	973.77	889

The difference between the figures appearing in two sets of the documents needs to be reconciled.

(iii). Through various letters since 15.06.2006, KOPT has communicated to TAMP the salient provisions of the License Agreement entered into between KOPT & ISHPL as well as KOPT's position in respect of such matters. The issue was also represented through KOPT's letters dated 14.09.2006, 18.08.2010 etc. As the issues are still continuing, TAMP may take a relook into the matter and consider them while making any material determination with regard to the Scale of Rates of ISHPL.

(iv). As before, KOPT still objects to the proposal of ISHPL for 'double banking charge', because, as before it is again emphasized that ISHPL are not entitled to earn benefit out of the utilization of dock water & space which are beyond the limits of area allotted to them in lease under the License Agreement. Besides, in the incident of such double banking required under compelling situations, KOPT too has been suffering from loss of its legitimate dues for use of such space under KOPT's possession by the double banked ship. TAMP needs to take a justified view on the issue and no rate towards 'double banking charge' should be allowed to ISHPL during revision of their Scale of Rates.

(v). The issue of raising consolidated bills by ISHPL on their customer and difficulties in identifying different services wise tariff vis-à-vis proper assessment of royalty have been brought to the notice of TAMP earlier while forwarding KOPT's comments on ISHPL's tariff proposals earlier.

In this context it is felt relevant to point out that under Clause 17 (xi) of the order dated 19th day of January 2011 approving ISHPL's existing Scale of Rates, TAMP recorded, amongst others, that "*as provided under Section 42 (4) of the Major Port Trusts Act, the Scale of Rates approved by this Authority is binding on the ISHPL and therefore, the ISHPL is advised to scrupulously follow the Scale of Rates and conditionality prescribed therein for rendering the services at the terminal and to ensure that any agreement entered into by it does not violate the provisions of the notified SOR*". Unfortunately, ISHPL, without standing their position in the matter has been raising consolidated bills in spite of the aforesaid stricture of TAMP which construe violation of TAMP's order. As such the difficulties, as aforesaid continues. The matter needs to be looked into appropriately by TAMP.

(vi). In the Form-B appended to the tariff proposal, ISHPL has indicated activity wise income from various services separately, but in reality they have been raising consolidated invoices on their customer and the basis of the activity wise segregation of incomes, as aforesaid, has not been provided them. TAMP may advice ISHPL to submit detailed clarification with documentary support in the matter.

(vii). Though directed under Clause 18.2 of TAMP's order dated 19.11.2011 approving ISHPL's Scale of Rates to complete installation of the High Mast Towers by ISHPL by 31.03.12, the same has not been complied with by ISHPL so far. TAMP may examine the issue appropriately.

(viii). The issue of ISHPL's non-adherence to the License Agreement condition for using Berth No. 4A as a common user facility still remains unaddressed, as ISHPL has so far not changed their position of handling cargo account a single user namely SAIL, with whom they stated to have entered into a contract on mutual agreement basis without any prior intimation to KOPT and there has not been any visible effort on their part to promote and handle permissible cargo (viz Coking Coal, Fertilizer, Fertilizer Raw Material, Soda Ash and Other Dry Bulk Cargo) account other users to ensure use Berth No. 4A as a common user facility.

(ix). Comments on the submissions made by ISHPL in their letter to TAMP dated 11.11.2013:

(a). <u>Comments on Paragraph 3 of ISHPL's letter:</u>
The position of cargo handling by ISHPL at Berth No. 4A during the past 4 years (including the current fiscal) is appended in the table below:

2010-11	29,03,179.00 MT
2011-12	18,28,478.00 MT
2012-13	27,51,879.00 MT
2013-14	34,14,801.00 MT

Although the tariff proposal is submitted by ISHPL on 11.11.2013, they have considered projection only on the basis of the first 6 month's throughput for the current fiscal. During 2013-14 ISHPL has handled 34,14,801.00 MT of Coal. The said handling has been achieved with berth occupancy of around 74%.

However, considering factors like reduction of draft of Haldia Channel by 0.4 meter in the last year and mechanisation of Berth No-4B in August 2013, KOPT feels that the traffic projection indicated by ISHPL for 2014-15 and 2015-16 @ 2.75 MMT per year may be accepted.

(b). <u>Comment on Paragraph 4 of the letter:</u>
So far as handling of coastal cargo at Berth No. 4A is concerned, it may be stated that for the FYs 2011-12, 2012-13 and 2013-14, the share of coastal cargo in the total cargo handled at Berth No. 4A has been 2.39%, 0% and 0% respectively.

However, in view of SAIL's indications about modernisation and capacity augmentation of their plants in the eastern sector and the scenario of prevailing trend of reduced river draft for Haldia as well as the Importer's preference to bring larger parcels of cargo by Cape size ships at the ports like Dhamra, Gangavaram and Paradip, revival of coastal movement of cargo from such ports to Haldia by daughter vessels have immense possibility. However it is difficult to project the share of costal movement as the same primarily depends upon the actual situation prevailing during import of overseas cargo.

Under such considerations, KOPT feels that the projection of coastal cargo at Berth No. 4A, as given below, may be considered.

2014-15: 10% of the total cargo handling at Berth No-4A
2015-16: 20% of the total cargo handling at Berth No-4A

(c). Comment on Paragraph 5 of the letter:
TAMP may consider the projected costs in terms of the position taken by it in respect of the cargo projection as per KOPT's observations.

(d). Comment on Paragraph 6 of the letter:
Regarding ISHPL's reference to revision of KOPT's Scale of Rates for consideration of royalty, TAMP may consider it appropriately. However, it was adequately indicated in KOPT's comments to TAMP on ISHPL's Tariff Proposal earlier that ISHPL has not been paying royalty as per the provisions of the License Agreement and their failure to do so have resulted in less payment of royalty to KOPT, for which an Arbitration as well as litigation are already in progress.

(e). Comment on Paragraph 9 of the letter:
The mode of recovery of cargo handling charges, as indicated in the letter, is absolutely an internal arrangement between ISHPL & SAIL. The License Agreement between ISHPL & KOPT is drawn under the provisions of MPT Act 1963, which amongst other, provides that cargo handling charges are recoverable by the service provider prior to rendering the service. Further, comments in this regard would be furnished after examination of the audited accounts.

(f). Comment on Form-1:
Item 4 : ISHPL, without specifying any reason has proposed rate of Shore Handling Charges with an abnormal hike of 25%, which is not in parity with the hike in other rates proposed. ISHPL may be asked by TAMP to submit clarification on the issue with document support.

Item 5 : The Berth Hire charge for foreign ships and the coastal ships have been proposed with 43% and 35% hike in the rate respectively. This needs critical examination as there is no further cost involvement in respect of the berth structure or the waterfront area at Berth No. 4A during the periods under consideration.

KOPT feels that the Berth Hire charge for Berth No-4A should not be more than the Berth Hire Charge specified for other berths at HDC.

(g). Comment on Form-2A:
KOPT's comments on the cargo traffic projection have been furnished above, which may please be referred to. As regards coastal vessel traffic, TAMP may take appropriate position considering the trend prevailing in respect of coastal movement of cargo as indicated earlier.

(h). Comment on Form-2B:
Basis the position to be taken by TAMP is respect of projection of cargo traffic, income projection should be commensurate with the same.

Though required under Note 1 of Form 2B, ISHPL has not furnished the average storage time of cargo. TAMP may look into the issue appropriately.

(i). Comment on Form-3A:
Item(II)(v) : Considering the royalty payments made by ISHPL so far, it may be stated that as per the position taken by KOPT, ISHPL has not been paying royalty in terms of the provisions of the License Agreement. They have been paying royalty on certain items of tariff/service, but not making payment for the others (like demurrage, for example). As mentioned above, Arbitration and litigation in the court of law are in progress in the matter.

(j). Comment on Form-3B :
Item(IX)(c) : Within the premises of activities and tariff considerations of a port or a berth operator, 'demurrage' construes an element of income and certainly not an expenditure. As such, the expression of 'demurrage' under the heading of expenditure could not be understood. ISHPL may clarify the same.

(k). Comment on Scale of Rates:
Sec.1.1(ii) : The word 'thereof' should be added at the end of the sentence.

Sec.1.1(x) : The phrase 'under the License Agreement with Kolkata Port Trust, Haldia Dock Complex (KOPT)' should be corrected as ‘under the License Agreement with Kolkata Port Trust’.

Sec. 1.2 (vii) & (viii) : Either of the provisions should prevail, as they contradict each other.

Sec.2.2 (iv) (General Notes) : KOPT objects to allow ISHPL any rate for double or triple banking of ships for reasons already clarified at the foregoing para (2) .

Sec.3.1 : In case of dry bulk cargo, equipment service is not required for the entire lot of cargo carried by a ship. Therefore, a general rate on per ton basis (proposed to be applied on the entire cargo as per draft survey) is not felt to be reasonable. Instead a per shift basis rate would be more appropriate provided substantiated with detailed cost break ups.

Sec.4.3 : The dock premises at Haldia Dock Complex, Kolkata Port Trust being a protected area under ISPS codes, no authority to ISHPL for allowing photography or film shooting is permitted by KOPT. Hence, the tariff proposed for the same activity should not be allowed.
