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Tariff Authority for Major Ports

G.No.147 **New Delhi** **17 April 2020**

NOTIFICATION

This Authority, in exercise of the powers conferred on it under Sections 48 and 50 of the Major Port Trusts Act, 1963 (38 of 1963), had disposed of the proposal received from the India Gateway Terminal Private Limited (IGTPL) for general revision of its Scale of Rates, in the Meeting of this Authority held on 20 February 2020. However, considering the time involved for notifying (Speaking) Order along with the Scale of Rates, approved by this Authority, this Authority decided to notify only the revised Scale of Rates immediately. Accordingly, the Scale of Rates approved by this Authority on 20 February 2020 was notified in the Gazette of India on 03 March 2020 vide Gazette No.92. It was stated in the said Notification that this Authority will notify the Speaking Order, in due course of time. Accordingly, this Authority hereby notifies the Speaking Order connected with disposal of the proposal of the IGTPL for general revision of its Scale of Rates as in the Order appended hereto.

(T.S. Balasubramanian)
Member (Finance)

TARIFF AUTHORITY FOR MAJOR PORTS
Case No.TAMP/46/2019-IGTPL

India Gateway Terminal Pvt. Ltd. **- - -** **Applicant**

QUORUM:

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

O R D E R

(Passed on this 20th day of February 2020)

This case relates to the proposal dated 28 August 2019 received from India Gateway Terminal Private Limited (IGTPL) for general revision of its Scale of Rates (SOR).

2.1. The existing SOR of IGTPL was last approved by this Authority vide Order No.TAMP/81/2015-IGTPL dated 17 September 2016 following 2005 Tariff Guidelines which was notified in the Gazette of India on 14 October 2016 vide Gazette No.380. Subsequently, a detailed speaking Order was notified vide Gazette No.408 dated 15 November 2016. The Order prescribed the validity of the SOR till 31 March 2019.

2.2. Further, this Authority had passed an Order No.TAMP/81/2015-IGTPL dated 03 May 2019 extending validity of existing SOR upto 30 September 2019, as requested by the IGTPL which was notified in the Gazette of India on 07 June 2019 vide Gazette No.191.

3. In the meantime, the MOS vide its letter No.PR-14019/20/2009-PG (Pt.IV) dated 05 March 2019 has issued a Tariff Guidelines for BOT operators operating in all Major Port Trusts and previously governed by 2005 Tariff Guidelines in exercise of powers conferred on it by Section 111 of the Major Port Trusts Act, 1963, and directed this Authority to act accordingly with immediate effect. The Tariff Guidelines for BOT operators operating in Major Port Trust and previously governed by 2005 Tariff Guidelines has been notified in the Gazette of India Extraordinary (Part III Section 4) on 07 March 2019 vide Gazette No.92. Thereafter, as per Clause 1.7 of the Tariff Policy, 2019, Working Guidelines to operationalize the Tariff Policy is notified in the Gazette of India vide Gazette No.244 dated 11 July 2019 after consultation with Major Port Trusts and the BOT operators governed under the erstwhile 2005 Tariff Guidelines.

4.1. In this backdrop, the IGTPL which was previously governed by 2005 Tariff Guidelines has filed its proposal dated 28 August 2019 following Tariff Policy, 2019 for general revision of its SOR. The IGTPL has submitted the following:

(i). Details of Proposal:

(a). Annual Revenue Requirement (ARR) has been computed in accordance with Clause 2.1 of Tariff Guidelines at ₹31,235.56 lakhs as on 31 March 2019. (2016-17, 2017-18 and 2018-19 as 3 years considered.)

(b). Since bidding process for IGTPL was not concluded before 29 July 2003, the whole of royalty expense has been excluded while computation of ARR in line with Clause 2.2 of Tariff Guidelines.

(c). Since IGTPL Financial Statements are IND AS compliant, the relevant IND AS adjustments have been excluded and instead depreciation or other adjustments as per IGAAP have been included for computation of ARR in accordance with Clause 2.3.2.

(d). The ARR so computed has been indexed by 4.26% as per escalation factor announced by TAMP for Financial Year 2019-2020. Indexed ARR has been computed at INR 32,566.19 lakhs.

(e). In order to provide world class terminal services at competitive rates, port is proposing to maintain Handling Charges for Normal Containers (Bother Laden & Empty) under Foreign Category at the existing rates and not proposing any increase therein. However, charges for Foreign Restow, Foreign Hatch covers, Foreign Reefer Plug in charges, Foreign PTI and Storage Rates for Foreign Containers have been proposed to be increased by nominal 5% over existing tariff.

(f). As regards Coastal tariff, IGTPL has aligned the tariff at 60% of normal handling charges for Foreign Containers in accordance with Policy Directions of Government, Ministry of Shipping and Clause 8.3 of Working Guidelines 2019 with reference to Tariff Guidelines 2019.
[While doing so, the IGTPL has restated the coastal container tariff whose foreign counter part is prescribed in US$ to the prevailing exchange rate of 1US$=₹71.00 and then proposed the tariff at 60% thereof.]

(g). In order to attract Transshipment Cargo, IGTPL has proposed reduction in the Foreign Laden tariff by 18% and Foreign Empty tariff by 22% of Coastal Transshipment, same are being aligned at 60% of Foreign in line with Government directives.

(h). The tariff proposed in the attached SOR will be indexed by 60% of Wholesale Price Index as announced by Government of India. Such revisions will be first made on 01 May 2020 and subsequently on 01 May 2021.

(i). Tariff for Hazardous and Over Dimension Cargo has been proposed at a premium of 50% on Handling and Storage Charges in accordance with Clause 9.9.3.

(j). Exchange rate used for calculating US Dollar denominated revenue is ₹71.

(ii). Past Period Performance Analysis:

(a). As per Clause 2.13 of Tariff Guidelines 2005, actual physical and financial performance will be reviewed at the end of the prescribed tariff validity period with reference to the projections relied upon at the time of fixing the prevailing tariff, if performance variation of more than + or – 20% is observed as compared to the projections, tariff will be adjusted prospectively.

(b). A comparison of estimates as provided and approved in previous TAMP Order No.TAMP/81/2015-IGTPL dated 17 September 2016, Gazette No.380 and actuals as per Financial Statement is given below:

	Comparison of Actual V/s Estimates				
	2015-16 Jan-Mar	**2016-17**	**2017-18**	**2018-19**	**Total**
Volume (TEU's)					
Estimate	1,13,286	4,71,300	5,54,400	6,22,600	17,61,586
Actual	1,13,286	4,91,087	5,55,812	5,94,592	17,54,777
Variation (%)					-0.39%
Revenue (INR Lakhs)					
Estimate	5,450.00	22689.25	25,940.75	28,659.85	82,739.85
Actual	5,450.00	22,399.30	25,051.30	28,363.90	81,264.50
Variation (%)					-1.78%

(c). As per Para (b) above, both physical and financial performance variation are far less than 20%. Therefore, no surplus/deficit over and above admissible costs and return on capital employed have been carried forward from previous tariff validity period.

4.2. The IGTPL has furnished detailed computation of Annual Revenue Requirement (ARR) under Form-1 and Revenue estimation at the proposed rate in Form-3.

(i). A summary position of ARR computation furnished by IGTPL is tabulated below (after correcting arithmetic error appears in Form-1):

(₹ in lakhs)

Sl. No.	Description	Y1 (2016-17)	Y2 (2017-18)	Y3 (2018-19)
(1).	**Total Expenditure (As per Audited Annual Accounts)**			
(i).	Operating expenses (including depreciation)	18,986.30	19,685.00	21,663.21
(ii).	Finance and Miscellaneous expenses (FME)	7,918.90	6,000.93	9,391.94
	Total Expenditure 1=(i)+(ii)	26,905.20	25,685.93	31,055.15
(2).	**Adjustments in respect of items where there is variation in figures reported as per INDAS (As per Audited Accounts)**			
(i).	Depreciation	(3.67)	(3.67)	(3.67)
(ii).	Lease Fee to Landlord Port	8.72	7.99	8.42
	Total of Adjustments 2=(i)+(ii)	5.05	4.32	4.74
(3).	**Less Adjustments:**			
(i).	Actual Royalty/Revenue share paid to the port	7,481.70	8,310.30	9,505.70
(ii).	Interest on loans	5,972.10	5,345.80	7,076.34
(iii).	Provision for bad and doubtful debts			11.92
(iv).	Provision for slow moving inventory	11.20	2.65	-
(v).	Other provisions, if any			
	Total of 3 = [3(i)+3(ii)+3(iii)+3(iv)+3(v)]	13,420.00	13,658.75	16,593.96
(4).	**Add: Admissible Royalty/ Revenue Share as per Clause 2.2. of the Tariff Guidelines, 2019**	-	-	-
(5).	**Total Expenditure after Total Adjustments (5=1+2-3)**	13,490.24	12,031.49	14,465.93
(6).	Average Expenses of Sl. No.5 = [Y1+Y2+Y3]/3			
(7).	**Capital Employed**			13,329.22
	(i). Gross Fixed Assets (Property, Plant & Equipment) as on 31st March Y3 or 31 December of Y3 followed by the BOT operator (As per IGAAP)			
	(ii). Add: Capital Work in Progress as on 31st March Y3 or 31 December of Y3 followed by the BOT operator (As per Audited Annual Accounts)			1,11,269.04
	(iii). Add: Working Capital as per norms prescribed in clause 2.6 of the Tariff Guidelines, 2019			
	(a). Inventory			246.65
	(b). Sundry Debtors			-
	(c). Cash			398.93
	(d). Sum of (a)+(b)+(c)			645.58
	(iv).Total Capital Employed [(i)+(ii)+(iii)]			1,11,914.62
(8).	**Return on Capital Employed 16% on Sl. No.7(iv)**			17,906.34
(9).	**Annual Revenue Requirement (ARR) as on 31 March Y3 or 31 December of Y3 as applicable [(6)+(8)]**			31,235.56
(10).	**Indexation in the ARR @ 100% of the WPI applicable for the year Y4 for example, if Y4 is 2019-20, then the applicable WPI is 4.26% and the indexed ARR for the year Y4 will be (9) x 1.0426)**			**4.26%**
(11).	**Ceiling Indexed ARR as given in Sr.No.10 above**			**32,566.91**
(12).	**Revenue Estimation at the Proposed indexed SOR within the Ceiling indexed ARR estimated at Sl. No.11 above**			**31,554.79**

(ii). The proposed tariff will have validity period until 30 April 2022 being three years after the initial expiry of current tariff in accordance with clause 2.12 and 2.13 of Tariff Guidelines, 2019.

(iii). Since the information given in various Forms as well as Audited Accounts are confidential information of a private company, IGTPL has requested this Authority not to circulate or publish said information or documents to general public or various stakeholders / trade bodies.

(iv). The IGTPL has proposed increase / (decrease) to meet the estimated ARR as given below:

Descriptions	**% Increase / Decrease**
Charges for normal & reefer containers	Upto 35%
Charges for all transshipment containers	-18% to 33%
Charges for all hazardous & over dimensional container	18% to 36%
Wharfage charges	Status quo
Charges for handling hatch cover of vessels	5% to 71%
Charges for shifting of containers within vessels	5% to 71%
Reefer related charges	-8% to 5%
Storage charges	5%
Miscellaneous charges	5%

5.1. In accordance with the consultation process prescribed, a copy of the proposal excluding Audited Annual Accounts was forwards to Cochin Port Trust (COPT) and users/ user organizations for their comments.

5.2. A copy each of comments received from the COPT and concerned users/ representative bodies of users on the subject proposal were forwarded to IGTPL as feedback information. The IGTPL vide its letters dated 29 October 2019 has furnished its reply. Further, at the joint hearing, the CSAA has furnished further comments which were forwarded to IGTPL vide our letter dated 22 November 2019 followed by reminder dated 10 December 2019 for their pointwise comments. The IGTPL has responded vide its email dated 16 January 2020.

6. A joint hearing in this case was held on 19 November 2019 at the COPT premises. The COPT made a brief Power Point presentation of its proposal. At the joint hearing, the COPT, IGTPL and the concerned users/ user organizations and representative bodies have made their submissions.

7. As agreed at the joint hearing, the IGTPL vide our letter dated 22 November 2019 was requested to take action on the following points followed by reminder dated 10 December 2019 arising out of joint hearing proceedings:

(i). At the joint hearing, the most of the users/ user associations objected the hike proposed for coastal containers. Steep hike in tariff of few categories of coastal container arise because, the IGTPL has arrived at rate for coastal container by restating it with the prevailing exchange rate and then pegging it at 60% thereof. The coastal concession policy of the Government is not amended to allow restatement with reference to prevailing exchange rate for coastal cargo/ container handling rate during each general revision. As agreed by the IGTPL at the joint hearing, the IGTPL was requested to examine the proposal and file a revised proposal by 29 November 2019.

(ii). The IGTPL was, requested to furnish its response on the above points to by 29 November 2019 to TAMP. A copy of the revised proposal to be filed to be forwarded by the IGTPL and COPT as well.

8. With reference to point of action decided at the joint hearing at Para No.7, point no.(i), the IGTPL vide its letter dated 29 November 2019 has furnished the revised computation of revenue, proposed SOR and revised estimation of revenue at the proposed rate as summarized below:

(i). The IGTPL in the revised proposed SOR has removed effect of restatement with the prevailing exchange rate for arriving at the tariff for coastal containers. The IGTPL has now sought uniform increase in the tariff of foreign container and coastal container where the tariff for foreign container is prescribed in US$. The increase proposed in the revised SOR is tabulated in subsequent paragraphs and hence not reiterated here.

(ii). The revised revenue estimate at the revised proposed SOR is ₹324.62 crores as against ₹315.55 crores estimated in the original proposal.

9.1. Based on the preliminary scrutiny of the proposal, the IGTPL was vide our letter dated 10 December 2019 requested to furnish additional information / clarifications on a few points by 26 December 2019. The IGTPL has furnished its reply on additional information/ clarification vide its email dated 20 December 2019 and subsequent emails dated 16 and 22 January 2020. A summary of additional information / clarification sought by us and reply furnished by IGTPL thereon is tabulated below:

Sl. No.	Information/ Clarification sought by us	Reply furnished by IGTPL
1.	**Annual Revenue Requirement (ARR) (Form No.1):**	
(i).	As per Clause 2.3.2 of Tariff Guidelines, 2019 in case there is variation in the expenditure reported under IND AS and IGAAP, then necessary adjustments need to be done in ARR computation by excluding IND AS figure and considering figures as per IGAAP. In this regard, Form 6A, furnished by the IGTPL at Sr. No.2 shows adjustments for lease rent from IND AS to IGAAP by adding ₹8.72 lakhs, ₹7.99 lakhs and ₹8.42 lakhs for the years 2016-17 to 2018-19 respectively. In this regard, the IGTPL to clarify the following:	
	(a). It is understood from the Note B Right to Use of Land given under Note 3 and read with Note 4 B of the Financial Statement that the IGTPL has considered lease fee to landlord port at ₹8.72 lakhs, ₹7.89 lakhs and ₹8.42 lakhs for the years 2016-17 to 2018-19 respectively for the purpose of ARR computation. The IGTPL to give working to support these figures with a detailed note.	(i). IGTPL is required to pay "License Fee" to COPT in accordance with Clause 5.3 (c) of the License Agreement (LA), same is attached as Annexure-I. The actual amount paid to COPT during the year 2016-17 to 2018-19 is ₹8.72 lakhs, ₹7.89 lakhs and ₹8.42 lakhs. Copies of relevant invoices are attached herewith as Annexure II. [Annex-II attached are not invoices. They appear to be ledger balance]. (ii). Present value of all Lease payments are capitalized to "Right to Use Land" and at the same time, a liability account is created. These payments are not debited to P & L but are debited to Liability Account in compliance with Ind AS 116. However, the Intangible Asset is amortised over the life of Concession. The amortization on above Intangible Asset has not been considered. Hence in Form 6A, Depreciation & Amortization as per IGAAP is less than D&A as per Books by ₹3.67 Lakhs. (iii). According to IGAAP, the License Fee is required to be debited to Expense Account which was done until FY 2015-16. It is for this reason that above amounts have been added under Form 6A.

<table>
<tr><td></td><td>(b). The IGTPL to also confirm that Gross Fixed Assets considered for the purpose of ROCE does not capture the intangible asset pertaining to Right to use of land.</td><td>The IGTPL hereby confirms that Gross Fixed Assets does not include Intangible Asset pertaining to Right to Use Land.</td></tr>
<tr><td></td><td>(c). The IGTPL to confirm the actual lease rent paid to COPT.</td><td>Actual Lease Rent paid to COPT is ₹8.72 lakhs, ₹7.89 lakhs & ₹8.42 lakhs for FY 2016-17 to FY 2018-19 respectively.</td></tr>
<tr><td>(ii).</td><td>(a). The IGTPL has considered for exclusion the provision for bad and doubtful debts of ₹11.92 lakhs in the year 2018-19 and provision for slow moving inventory of ₹11.20 lakhs and ₹2.65 lakhs in the years 2016-17 and 2017-18 respectively from the total expenses as per clause 2.3 (ii) of the Tariff Guidelines 2019. These figures could not be cross checked with the Audited Annual Accounts. The IGTPL to clarify under which head these items are reported in the Audited Annual Accounts.</td><td>In case of Provision of Bad Debts in FY 2018-19, kindly refer to Note 23 – Other Expenses, item under the head “Allowances for credit losses on financial assets”.

In case of Provision for slow moving Inventory, the same are subsumed into Repairs & Maintenance Costs of Plant & Machinery under Note 19 of Financial Statements. However, copies of Ledger are attached as Annexure III for verification.</td></tr>
<tr><td></td><td>(b). Clause 2.3. (ii) of the Tariff Guidelines 2019 require to exclude interest on loans, provision for bad and doubtful debts, provision for slow moving inventory etc., for computation of the Annual Revenue Requirement. The Audited Annual Accounts of the IGTPL for the year 2016-17 report provision for impairment loss on financial assets to the tune of ₹3.6 lakhs which may also be excluded as it is in nature of provision which is not captured for exclusion in ARR computation as per the said clause of the Tariff Guidelines.</td><td>The said amount was not excluded from ARR computation due to oversight. IGTPL agrees to exclude it in accordance with Tariff Guidelines 2019 Clause 2.3 (ii).</td></tr>
<tr><td>(iii).</td><td>Under Note 23 - Other expenses, ₹185.90 lakhs, ₹1,803.10 lakhs is reported as exchange loss on realisation and translation of financial assets and liabilities. The IGTPL to give break up of these items and clarify for each items whether exchange loss is on account of actual payment of foreign currency or arising due to restatement of assets and liability at the end of each financial year to meet the accounting standards. The IGTPL to capture only net foreign exchange loss (after adjusting foreign exchange gain) in respect of actual repayment of foreign exchange. Foreign exchange gain or loss arising on account of restatement of loan/ assets/ expenses are not considered while determining the tariff. The same approach was followed uniformly across all the BOT operators governed under the erstwhile Tariff Guidelines 2005 as well.</td><td>(a). The said amount considered are merely the exchange loss incurred during respective Financial Year since the exchange loss was computed with reference to Rate of Exchange as at beginning of FY. Kindly note that as Unrealised Exchange Gain / Loss in previous Financial Years have been disallowed.

Therefore, exchange gain / loss on actual repayment of liabilities with reference to ROE at the time of booking of said liabilities for each FYs are computed as under:
<table>
<tr><th>Financial Year</th><th>₹ (In Lakhs)</th></tr>
<tr><td>2016-17</td><td>115.11</td></tr>
<tr><td>2017-18</td><td>197.88</td></tr>
<tr><td>2018-19</td><td>3060.74</td></tr>
</table>
It is, therefore, required that Admissible Expenditure for each years is revised as under:
<table>
<tr><th>Description</th><th>FY 2016-17</th><th>FY 2017-18</th><th>FY 2018-19</th></tr>
<tr><td>As per Form 1</td><td>13,490.24</td><td>12,031.49</td><td>14,465.93</td></tr>
<tr><td>Less : Exch Loss 1(i)(a)</td><td>3.60</td><td>-</td><td>-</td></tr>
<tr><td>Less: Other Exps (Note 23)</td><td>-</td><td>185.87</td><td>1,803.10</td></tr>
<tr><td>Add : Forex Loss on Actual Payment</td><td>115.11</td><td>197.88</td><td>3,060.74</td></tr>
<tr><td>Revised Admissible Expenditure</td><td>13,601.75</td><td>12,043.50</td><td>15,723.57</td></tr>
</table>
(b).Subsequently, IGTPL vide its email dated 16 January 2020 has further clarified that</td></tr>
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		IGTPL availed ECB Loans in FY2014-15 from ADCB (USD 50,000,000) and Standard Chartered (USD 15,000,000) in total USD 65,000,000. These Loans are backed by Corporate Guarantee from DP World Limited, Dubai. Against the said Corporate Guarantee, a Commission is also payable to DP World Limited @ 1.50% per annum of Outstanding Loan of ADCB on a monthly basis. Kindly refer to Note 12 of Financial Statements detailing various borrowings undertaken by IGTPL. Thus, major Forex Payments include Interest and Repayments of ECB Loans, Guarantee Commission payable to DP World Limited and Management Fees payable to DP World Limited. (c). As regards Repayment of Forex Loans, it may kindly be noted that as of every Financial Year end, ECB Loans are re-stated at Current exchange rate and the unrealized Gain/Loss is debited to Profit & Loss in compliance with Accounting Standard 11 as mandated under erstwhile IGAAP. However, unrealized Exchange Gain/Loss have not been taken into account by TAMP during previous Tariff Orders. Annexure I (Page 56) of TAMP Order TAMP/25/2008 dated 5th August 2009 includes calculation of Surplus/Deficit from FY2005-06 until FY2008-09 and Annexure 1(c) (Page 66) of TAMP Order TAMP/81/2015-IGTPL dated 17th September 2016 includes Surplus/Deficit from FY2010-11 to FY2015-16. In said workings, no forex loss has been considered as the accounted losses were unrealized. (d). Therefore, IGTPL has added back the entire Finance Costs of each FY in Form 1. Said Finance Costs head also include unrealized gain/loss on re-statement of ECB Loans. Further, IGTPL has adjusted entire amount of Unrealized Forex Losses from admissible expenditure as reported under Note 23 of AFS. I.e. ₹185.87 Lakhs and ₹1,803.10 Lakhs for FY2017-18 and FY2018-19 respectively. (e). The IGTPL has now computed exchange gain/loss on actual repayment of liabilities for each FY with reference to exchange rate at the time of booking of said liabilities which must be admitted as an eligible expenditure. Forex Gain/ (Loss) for each FY are computed as under. i) Forex Gain/ (Loss) on payment of <u>Foreign Currency Loans</u> : FY2015-16 (Jan to Mar) ₹ NIL FY2016-17 ₹(116.68) Lakhs FY2017-18 ₹(203.24) Lakhs

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<td>
FY2018-19 ₹(425.97) Lakhs

ii) Forex Gain/(Loss) on payment of <u>Foreign Currency Liabilities</u> :

FY2015-16 (Jan to Mar) ₹(8.41) Lakhs
FY2016-17 ₹(58.22) Lakhs
FY2017-18 ₹42.45 Lakhs
FY2018-19 ₹(2,391.77) Lakhs

It is therefore required that Admissible Expenditure for each year be considered in the ARR.

The working of Forex Losses and relevant supportings are furnished.

IGTPL have accordingly revised Form 1 which is also furnished.

The summary of working showing Forex losses is given below: (₹ in lakhs)
<table>
<tr><th>Sr. No.</th><th>Items</th><th>FY 2015-16 (Jan-Mar)</th><th>FY 2016-17</th><th>FY 2017-18</th><th>FY 2018-19</th></tr>
<tr><td>(i).</td><td>On Payment of Guarantee Commission to DP World Limited</td><td>(8.41)</td><td>(31.40)</td><td>5.52</td><td>(29.32)</td></tr>
<tr><td>(ii).</td><td>On Payment of Management Fees to DP World</td><td>0.00</td><td>(26.82)</td><td>36.93</td><td>(2,362.45)</td></tr>
<tr><td></td><td>Total Forex Loss on Repayment of Foreign Liabilities</td><td>(8.41)</td><td>(58.22)</td><td>42.45</td><td>(2,391.77)</td></tr>
<tr><td>(iii).</td><td>On Re-payment of ECB Loans</td><td>-</td><td>(116.68)</td><td>(203.24)</td><td>(425.97)</td></tr>
<tr><td></td><td>Total Fore Gain / (Loss)</td><td>(8.41)</td><td>(174.90)</td><td>(160.79)</td><td>(2,817.74)</td></tr>
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<td>(iv).</td>
<td>The Annual Accounts for the years 2016-17 report ₹1504.3 lakhs under miscellaneous expense under the head Other Expenses. The interlinked note under 24(ii) states it is towards claim made by the IGTPL on the COPT for loss of profit in business due to delay on the part of the Licensor to meet the obligation of the License Agreement and the IGTPL has captured this in the year 2016-17 based on the arbitration award received in May 2017 in the favour of the IGPTL. Please elucidate this item. Clarify as to how this is in the nature of operating expense. Claim made by IGTPL from COPT will be income to IGTPL when received. How it is treated as expenditure? If at all, it can be only receivable.</td>
<td>While IGTPL has initiated legal action against COPT for loss of profit, COPT has also submitted counter claim against IGTPL for various matters. One of those claims include Cost of Deployment of CISF personnel in ICTT during the period Feb 2011 to December 2015. Total amount claimed by COPT as of date is ₹18.20 Crores while IGTPL has made a provision of ₹15.03 Crores in books as a matter of prudence. Further, according to Arbitration Award dated 12 May 2017, it has been ruled that cost of deployment of CISF is to be borne by IGTPL. Thus, ₹15.03 Crores was provided by IGTPL during FY 2016-17 as a matter of prudence and also based on independent legal opinion.</td>
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<td>(v).</td>
<td>(a). In the Form 3 relating to computation of working capital (as per norms), the IGTPL has considered Cash as ₹398.93 lakhs at Sr. No.(iii) which is not found to be in line with the</td>
<td>Noted the observation and shall comply accordingly.</td>
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<tr><td></td><td>clause 2.6. of the Working Guidelines. Cash expense for working capital computation may be corrected and considered as one month cash expense of the year 2018-19. To explain, as the per the cost statement furnished by the IGPTL cash expense works out to ₹754.41 lakhs (i.e. admissible expenses ₹14465.93 for the year 2018-19 – 5413.02 depreciation / 12 = 754.41 lakhs). The IGTPL to make necessary modification based on the revised cost statement to be formulated to comply with the Tariff Guidelines.</td><td>In this regard, kindly refer to Sr. No.1 (iii) above where IGTPL has re-calculated admissible working capital of FY 2018-19. Accordingly, admissible cash expense for the purpose of cost statement is computed as below and the same is considered in the revised Cost Statement.
(In Lakhs)<table><tr><td>Total Admissible Expense</td><td>₹ 15,723.57</td></tr><tr><td>Less : Depreciation</td><td>₹ 5,413.02</td></tr><tr><td>Annual Cash Expense</td><td>₹ 10,310.55</td></tr><tr><td>One Month’s Expense</td><td>₹ 859.21</td></tr></table></td></tr>
<tr><td>2.</td><td><u>Revenue estimation (Form-4):</u></td><td></td></tr>
<tr><td>(i).</td><td>As regard the revenue estimation furnished in Form 4, the proposed tariff from Restow containers - coastal at sr. No 6 (B) i.e. shifting of container other than (A) considered by the IGTPL is ₹2705.85, ₹4058.77 and ₹5411.71 for 20’, 40’ and above 45’ containers respectively. The tariff in the excel working sheet named “Tariff” shows consolidated tariff including transportation from QC to Yard, Lift off/ on at ₹4809.75, ₹7214.71 and ₹9619.47 for 20’, 40’ and above 45’ containers respectively which should be captured flowing from the approach followed by IGTPL for foreign Restow container. The IGTPL to, therefore, make necessary correction in the revenue estimates.</td><td>Observation has been well noted. We have made necessary changes to Form 4.</td></tr>
<tr><td>(ii).</td><td>In the excel working named “Tariff”, for proposing tariff for lift off / on for empty under Schedule 1.4., the IGPTL has considered 20% increase proposed over the existing tariff and also added some amount. Thereby, the increase comes 69% for foreign container and 80% for coastal container. The amount shown as addition to arrive at the proposed tariff may be explained. The reasons for steep increase in comparison to other items may also be explained. Further, the tariff proposed for coastal container for this item does not comply with the coastal concession policy i.e. it should not exceed 60% of the rate for foreign container. The IGTPL to, therefore, modify the rate for coastal container for empty under schedule 1.4 to comply with the coastal concession policy of the Government.</td><td>Kindly refer to Coastal Empty Rate of 20 FT Container.

Existing Tariff is ₹2,316.05 (Cell S60 of Sheet “Tariff”). An increase of 20% means proposed tariff is ₹2,779.26 (Cell AF60).

Kindly refer Cell AO60 which shows that in totality, Coastal Empty Tariff is at 44.37 and Coastal laden is at 52.32% of Foreign (Cell AO78).

Thus, overall the Coastal Rates are far lower than 60% of Foreign as mandated by Government.

Subsequently, IGTPL has vide its email dated 16 January 2020 further stated that IGTPL have made the necessary changes in Coastal Tariff in order to be in compliance with Coastal Concession Policy. Accordingly IGTPL have revised the SOR which is also furnished.</td></tr>
<tr><td>3.</td><td><u>Scale of Rates:</u></td><td></td></tr>
<tr><td>(i).</td><td>As per clause 4.2 of the License Agreement (LA), the tariff has to be competitive with the tariff level existing at international container transshipment hubs and major competing ports in the region. In this regard, the IGTPL to confirm that the revised proposal filed for</td><td>IGTPL confirms that tariff proposed under the revised Scale of Rates is competitive with tariff level of existing International Transshipment Hubs and competing ports in the region.</td></tr>
</table>

	general revision of its Scale of Rates complies with clause 4.2 of LA.	
(ii).	General Terms and Conditions: The Authority has passed common adoption Orders for all Major Port Trusts and BOT operators operating thereat including IGTPL from time to time and all the Major Port Trusts and BOT operators operating thereat including IGPTL are requested to include suitable notes in the SOR. However, the IGTPL has not included suitable notes in the proposed SOR in line with following common adoption Order:	
	(a). (i). Amendment Order No.TAMP/53/2015-VOCPT dated 10 June 2016 in common adoption Order No.TAMP/53/2015-VOCPT dated 26 November 2015 relating to provision prescribed for System of classification of vessel for levy of Vessel Related Charges (VRC) and Criteria for levy of Vessel Related Charges and Concessional Coastal rate.	
	(ii). Amendment Order No.TAMP/53/2015-VOCPT dated 25 September 2018 in common adoption Order No.TAMP/53/2015-VOCPT dated 26 November 2015 relating to provision prescribed for concessional coastal tariff for ships and cargo that move from one Indian Port to another Indian Port through the territorial waters of Sri Lanka or Bangladesh in terms of Notification No.38/2018- Customs (N.T.) dated 11 May 2018 issued by the Central Board of Indirect Taxes and Customs, Department of Revenue, Ministry of Finance.	Kindly refer Section 2 of IGTPL Proposed Scale of Rates. The said clauses were already included during Tariff Revision in 2016. [Amended clauses not incorporated by IGTPL in the proposed SOR].
	(b). The Authority had passed the Order No.TAMP/12/2019-MUC dated 24 July 2019 as common Order incorporating a provision towards levy of Mandatory User Charge (MUC) on containers for the Logistics Data Bank Service to be rendered by Delhi-Mumbai Industrial Corridor Development Corporation (DMICDC) in the Scale of Rates of all the Major Port Trusts and BOT operators operating thereat for a period of two years as per the common adoption Order by all Major Port Trusts and BOT terminals thereat shall be applicable in case of IGTPL also. The IGTPL to incorporate the provisions in the SOR stipulated in these common Orders.	We have noted the observation and have incorporated said provision in the Proposed SOR. Kindly refer to Clause XVII of revised proposed SOR.
(iii).	The IGTPL has proposed new tariff items viz. Radiological Scanning Charges at ₹1800 per 20' container and ₹800 per 20' Container for printing of Shipping Bill/ Other Customs Documents. The basis for the proposed new tariff items may be explained. The Revenue estimate does not capture, revenue from	IGTPL has installed and implemented a Radiation Portal Monitor in order to scan containers for any radioactive material. This is especially for Containers with commodity of Unshredded Metalic Scrap. Thus, we have proposed a charge of ₹1,800 per 20' for

	these new tariff items. The IGTPL may include probable revenue estimate for these new items even if no revenue would have been not earned during the year 2018-19.	scanning these Containers. Estimated revenue from this item is ₹54 lakhs. IGTPL levies a charge of ₹800 per 20' container for printing of Shipping Bill for Export Containers and/or Out of Charge (OOC) for Import/DPD Containers. This entails additional costs of manpower, IT hardware, connection etc. It is, therefore, proposed to recover this costs through separate charge. Revenue from above two items are already included in the revenue estimation.
4.	**<u>Past Period Surplus</u>:**	
(i).	Clause 3.1.2 of the Tariff Guidelines, 2019 stipulates that in case of operators who have not approached Courts, the surplus/deficit upto the period of first tariff fixation under this Guidelines shall be dealt with as per Clause 2.13 of the 2005 Tariff Guidelines as reproduced below: *"The actual physical and financial performance will be reviewed at the end of the prescribed tariff validity period with reference to the projections relied upon at time of fixing the prevailing tariff. If performance variation of more than + or - 20% is observed as compared to the projections, tariff will be adjusted prospectively. While doing so 50% of the benefit/ loss already accrued will be set off while revising the tariff."* The IGTPL to, therefore, furnish the statement reviewing the actual physical and financial performance vis-à-vis the estimates relied upon in the previous tariff cycle as done in earlier tariff revision under erstwhile Tariff Guidelines, 2005 and make necessary adjustments from the estimated ARR in case there is variation in both physical and financial parameters by +/-20%.	Kindly refer to the Covering letter along with Highlights of the proposal submitted to TAMP vide our letter with reference no IGTPL/Fin/TAMP/2019/002 dated 28 August 2019. The past period performance comparing actual physical and financial performance with estimates as per previous TAMP order has been given in the original proposal. The said letter is attached herewith as Annexure IV. Both volumes (physical) and revenue (financial) do not exceed 20% of the estimates and therefore no adjustment is required in estimated ARR. Subsequently, IGTPL has vide its email dated 16 January 2020 has further stated that In addition to above, it has also provided a comparison of Estimates as considered by TAMP in previous order with Actuals for the corresponding period. These are given. In the said Annexure, IGTPL has also provided a comparison of provisional figures of FY2015-16 considered in previous TAMP order with Actuals as per Audited Financial Statements.
(ii).	The Authority during the last tariff revision Order No TAMP/81/2015- IGPTL dated 17 September 2016 (speaking Order) in para 10(iii)(I)(A) (g) and para 10 (iii) (II). (iv). while admitting Management service fee for the past period analysis and in tariff fixation for ICTT has advised the IGTPL to produce the IT assessment orders for each of the years from 2013-14 onwards obtained from the Income Tax Authorities at the time of next review to show that the IT department has admitted this item of cost and also confirm the payments have been done by the IGTPL. If such evidence is not produced, expenditure allowed now will be set off in the next tariff review. The IGPTL to, therefore, furnish the IT assessment Orders from the years 2013-	We have enclosed relevant IT Assessment Orders for FY 2013-14 & FY 2014-15 as Annexure V. IT Assessment for FY 2015-16 is ongoing. We will share the order as and when received. Subsequently, IGTPL vide its email dated 16 January 2020 have furnished relevant IT Assessment Orders for FY2013-14 (AY2014-15), FY2014-15 (AY2015-16) & FY2015-16 (AY2016-17).

	14 onwards to show that the Income Tax Authorities have allowed this expenditure.	
(iii).	Further, during the last revision, the figures considered for the year 2015-16 upto December 2015 in the past period analysis and January 2016 to March 2016 considered in the tariff fixation was based on provisional Accounts 2015-16. In para 10 (iii) (II) (vii) of the Order, it is stated that the figures for the year 2015-16 will in any case be reviewed at the time of next review with reference to the final Audited Accounts for the year 2015-16. The IGTPL to, therefore, furnish the 2015-16 actuals as per provisional accounts considered during the last revision vis-à-vis the actuals as per the Audited Accounts to comply with the decision on the last tariff Order.	IGTPL vide its email dated 16 January 2020 has furnished calculation of Past Period surplus wherein a comparison of provisional accounts considered by TAMP in previous order has been compared with Audited Account numbers of FY2015-16.
5.	As per clause 1.9 of the Tariff Guidelines 2019, the BOT operator shall continue to abide by the provisions contained in the existing Concession Agreement entered into with the concerned Major Port Trust. Simultaneously, the *BOT operator shall agree to abide by this guidelines, by way of a separate* Agreement with the concerned Major Port Trust. The IGTPL to furnish a copy of the separate Agreement as per the prescribed format forwarded by the MOS vide letter No PR-14019/20/2009-PG(PTIV) dated 8 March 2019 to all the Major Port Trusts including the COPT duly signed by the IGTPL and the COPT.	IGTPL will provide a duly executed agreement by 1st week of January. Subsequently, IGTPL vide its email dated 16 January 2020 agreed to provide a duly executed agreement by 3rd week of January.

9.2. The COPT vide our letter dated 10 December 2019 was requested to furnish information / clarification on a few points sought by us latest by 26 December 2019. In response, the COPT vide its email dated 27 December 2019 has furnished their reply. A summary of information/ clarification sought by us and reply furnished by COPT thereon is tabulated below:

Sl. No.	Information/ Clarification sought by us	Reply furnished by COPT
(i).	As per Clause 2.3.2 of Tariff Guidelines, 2019 in case there is variation in the expenditure reported under IND AS and IGAAP, then necessary adjustments need to be done in ARR computation by excluding IND AS figure and considering figures as per IGAAP. In this regard, Form 6A, furnished by the IGTPL at Sr. No.2 shows addition to the total expenditure towards lease rent to the tune of ₹8.72 lakhs, ₹7.99 lakhs and ₹8.42 lakhs for the years 2016-17 to 2018-19 respectively. However, the Annual Accounts of the IGTPL do not report lease rent for these three years. Clause 5.3 (c) of the License Agreement entered between the IGTPL and the COPT prescribe provisions relating the license fee payable by the IGTPL and COPT for terminal development, additional land, for berth construction and	Actual lease rent paid by IGTPL is given below: <table><tr><th>2016-17</th><th>2017-18</th><th>2018-19</th></tr><tr><td>₹11,11,875*</td><td>₹8,00,844</td><td>₹ 8,28,844</td></tr></table> *Includes License fee within wharf area ₹1,12,363 and Arrear lease rentals for 2015-16 ₹1,85,874.

<table>
<tr><td></td><td>land for development of railway siding. The COPT to furnish the actual lease rent, if any, paid by IGTPL in this regard for the years 2016-17 to 2018-19.</td><td></td></tr>
<tr><td>(ii).</td><td>Also, furnish comments on the computation of ARR as furnished by IGTPL in its Form no.1.</td><td>No comments to furnish on the computation of ARR.</td></tr>
<tr><td>(iii).</td><td>In Form 4, the IGTPL has indicated the actual traffic for the years 2016-17 to 2018-19 as given below and average traffic at 5,47,181 TEUS for revenue estimation. The COPT to confirm the actual traffic considered by the IGTPL for the said years and the average traffic of 5,47,181 TEUs considered by the IGTPL in the revenue estimation.

<table>
<tr><th colspan="3">Actual Traffic in TEUs</th><th rowspan="2">Average</th></tr>
<tr><th>Y1
(2016-17)</th><th>Y2
(2017-18)</th><th>Y3
(2018-19)</th></tr>
<tr><td>491,087</td><td>555,812</td><td>594,644</td><td>547,181</td></tr>
</table></td><td>The actual traffic reported by IGTPL is correct.</td></tr>
<tr><td>(iv).</td><td>Also furnish its comments on the estimation of revenue at the proposed level of tariff as furnished by IGTPL in its Form no. 4.</td><td>No comments on the revenue estimation.</td></tr>
<tr><td>(v).</td><td>The Audited Annual Accounts of the IGTPL for the years 2016-17 report ₹1,504.3 lakhs under miscellaneous expense under the head “Other Expenses”. The interlinked note under 24(ii) states that it is towards claim made by the IGTPL on the COPT for loss of profit in business due to delay on the part of the Licensor to meet the obligation of the License and the IGTPL has captured this in the year 2016-17 based on the arbitration award received in May 2017 in favour of the IGPTL. The COPT to elucidate this item.</td><td>M/s.IGTPL had filed claim before the Arbitral Tribunal to the tune of ₹300 Crores against which port had filed counter claim amounting to ₹1070.71 Crores which comprises of claims raised in connection with capital and maintenance dredging work, loss due to concession on Vessel related charges, loss of revenue share on account of under utilization of facilities, cost of deployment of CISF at ICTT, reimbursement of leave salary and gratuity contribution in respect of port employees deputed to IGTPL from 01.04.2005 to 28.02.2011. The Arbitral Tribunal passed Award on 12.05.2017. The issue in respect of date of commencement of Licence period was awarded in IGTPL’s favour. In respect of the issue of cost of CISF deployment at ICTT and reimbursement of leave salary, pension and gratuity contribution, the tribunal stated that IGTPL has to bear the cost but did not specify the amount to be paid. The Arbitral Tribunal in the order stated that the parties have to sort out what amount are payable by the claimant and sort it out between themselves. Based on the Expert opinion of Attorney General of India, CoPT filed petition against the Award dated 12.05.2017 passed by the Arbitral Tribunal in the Hon’ble District Court, Ernakulam on 16.08.2017. Since no money claim has been awarded to either party, the loss of profit provided by IGTPL in 2016-17 is not correct.</td></tr>
</table>

(vi).	As per clause 4.2 of the License Agreement (LA), the tariff has to be competitive with the tariff level existing at international container transshipment hubs and major competing ports in the region. In this regard, the COPT to confirm that the proposal filed by the IGTPL for general revision of its Scale of Rates complies with clause 4.2 of LA.	As per Clause 5.8 of the Tariff Guidelines 2019, the rates prescribed in the SOR are ceiling levels; likewise, rebates and discounts are floor levels. The BoT operators may, if they so desire, charge lower rates and/ or allow higher rebates and discounts. IGTPL is providing concession on case to case basis on the SOR rates, which are the ceiling rates. During the last 5 years there has been an average annual increase of 11.50% in the total volume handled by IGTPL. However, the transshipment volume is only 5% of the total volume handled by IGTPL.
(vii).	As per clause 1.9 of the Tariff Guidelines 2019, the BOT operator shall continue to abide by the provisions contained in the existing Concession Agreement entered into with the concerned Major Port Trust. Simultaneously, the *BOT operator shall agree to abide by this guidelines, by way of a separate* Agreement with the concerned Major Port Trust. The COPT to furnish a copy of the separate Agreement as per the prescribed format forwarded by the MOS vide letter No PR-14019/20/2009-PG (PTIV) dated 8 March 2019 to all the Major Port Trusts including the COPT duly signed by the IGTPL and the COPT.	IGTPL is yet to submit separate agreement for execution.

10.1. While furnishing the additional information/ clarifications which is brought out earlier paragraph, the IGTPL vide its email dated 20 December 2019 and 16 January 2020 has furnished revised proposal comprising revised Form-1 (ARR) and revised Form-4 (Revenue Estimation). The main highlights of the revised proposal are summarized below:

(i). **<u>Highlights of the Proposal</u>:**

(a). The IGTPL has incorporated the adjustment relating to foreign exchange gain/loss i.e. excluded exchange gain/loss arising on account of restatement during the year end and captured the actual exchange gain/loss on account of repayment of liabilities.

(b). The IGTPL has revised the working capital figures as relating to cash as per prescribed norms.

(c). The revised ARR has been computed in accordance with Clause 2.1 of Tariff Guidelines at ₹331.23 crores after applying 4.26% indexation for the year 2019-20.

(d). Tariff increase proposed in the revised SOR in terms of percentage is tabulated below for main tariff items:

Particulars	Foreign		Coastal	
	Laden	Empty	Laden	Empty
Charges for all normal and reefer containers				
Gantry Crane Charges including Lashing/ unlashing, stowage planning	13%		13%	
Transportation from QC to Yard and vice versa	13%	20%	13%	20%
Transportation from Container Yard to Rail Yard and vice versa	13%	20%	13%	20%

Handling at Container Yard for lift on / off while receiving from Quay	13%	69%	13%	80%
Handling from truck / rail for delivery / receipt to and from customers	13%	69%	13%	80%
Charges for all transshipment containers	5%		5%	
Charges for all hazardous containers and over dimensional containers	36%	-	36%	-
Wharfage charges	13%	20%	13%	20%
Storage charges	5%		5%	
Miscellaneous charges	5%		5%	

(e). The IGTPL has furnished revised revenue estimation at the revised proposed rate. Exchange Rate used for calculating US Dollar denominated revenue is ₹70.

(f). Computations of revised ARR:

Sl. No.	Description	Y1 (2016-17)	Y2 (2017-18)	Y3 (2018-19)
(1).	**Total Expenditure (As per Audited Annual Accounts)**			
(i).	Operating expenses (including depreciation)	18,986.30	19,685.00	21,663.21
(ii).	Finance and Miscellaneous expenses (FME)	7,918.90	6,000.93	9,391.94
	Total Expenditure 1=(i)+(ii)	26,905.20	25,685.93	31,055.15
(2).	**Adjustments in respect of items where there is variation in figures reported as per INDAS (As per Audited Accounts)**			
(i).	Depreciation	(3.67)	(3.67)	(3.67)
(ii).	Lease Fee to Landlord Port	8.72	7.99	8.42
	Total of Adjustments 2=(i)+(ii)	5.04	4.32	4.74
(3).	**Less Adjustments:**			
(i).	Actual Royalty/Revenue share paid to the port	7,481.70	8,310.30	9,505.70
(ii).	Interest on loans	5,927.10	5,345.80	7,076.34
(iii).	Provision for bad and doubtful debts			11.92
(iv).	Provision for slow moving inventory	11.20	2.65	-
(v).	Exchange Loss on Translation of Financial Assets / Liabilities	3.60		
(vi).	Exchange Gain/Loss as booked under Note 23 of Financial Statements		185.87	1,803.10
	Add : Adjustments			
(vii).	Realised Exchange Loss on Repayment of Liabilities	183.31	160.79	2,817.74
	Total of 3 = [3(i)+3(ii)+3(iii)+3(iv)+3(v)+3(vi)-3(vii)]	13,240.30	13,683.82	15,579.32
(4).	**Add: Admissible Royalty/ Revenue Share as per Clause 2.2. of the Tariff Guidelines, 2019**			
(5).	**Total Expenditure after Total Adjustments (5=1+2+3)**	13,669.95	12,006.42	15,480.57
(6).	Average Expenses of Sl. No.5 = [Y1+Y2+Y3]/3			13,718.98
(7).	**Capital Employed**			
	(i). Gross Fixed Assets (Property, Plant & Equipment) as on 31st March Y3 or 31 December of Y3 followed by the BOT operator (As per IGAAP)			1,11,269.04
	(ii). Add: Capital Work in Progress as on 31st March Y3 or 31 December of Y3 followed by the BOT operator (As per Audited Annual Accounts)			-
	(iii). Add: Working Capital as per norms prescribed in clause 2.6 of the Tariff Guidelines, 2019			
	(a). Inventory			246.65
	(b). Sundry Debtors			-
	(c). Cash			838.96
	(d). Sum of (a)+(b)+(c)			1,085.61
	(iv).Total Capital Employed [(i)+(ii)-(iii)]			1,12,354.65
(8).	**Return on Capital Employed 16% on Sl. No.7(iv)**			17,976.74
(9).	**Annual Revenue Requirement (ARR) as on 31 March Y3 or 31 December of Y3 as applicable [(6)+(8)]**			31,695.72

Sl. No.	Description	Y1 (2016-17)	Y2 (2017-18)	Y3 (2018-19)
(10).	**Indexation in the ARR @ 100% of the WPI applicable for the year Y4 for example, if Y4 is 2018-19, then the applicable WPI is 3.45% and the indexed ARR for the year Y4 will be (9) x 1.0345)**			**4.26%**
(11).	**Ceiling Indexed ARR as given in Sr.No.10 above**			**33,045.96**
(12).	**Revenue Estimation at the Proposed indexed SOR within the Ceiling indexed ARR estimated at Sl. No.11 above**			**32,466.74**

(g). The IGTPL has furnished each of relevant Forms duly certified by practicing Chartered Accountant.

(h). The IGTPL vide its letter dated 22 January 2020 has also furnished statements and impact of net gain / loss on account of foreign exchange variation on actual payments duly certified by practicing Chartered Accountant.

10.2. As per clause 1.9 of the Tariff Guidelines 2019, the BOT operator shall continue to abide by the provisions contained in the existing Concession Agreement entered into with the concerned Major Port Trust. Simultaneously, the *BOT operator shall agree to abide by this guidelines, by way of a separate* Agreement with the concerned Major Port Trust. The IGTPL has furnished a copy of the separate Agreement as per the prescribed format forwarded by the MOS vide letter No.PR-14019/20/2009-PG (PTIV) dated 8 March 2019 duly signed by both IGTPL and COPT.

11. 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.

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

(i). The Scale of Rates (SOR) of India Gateway Terminal Private Limited (IGTPL) was last revised by this Authority vide Order No.TAMP/81/2015-IGTPL dated 17 September 2016, following the Tariff Guidelines of 2005, which stipulated cost plus pricing model. The validity of the SOR was prescribed till 31 March 2019.

Subsequently, this Authority had passed an Order No.TAMP/81/2015-IGTPL dated 03 May 2019 extending validity of existing SOR upto 30 September 2019, as requested by the IGTPL which was notified in the Gazette of India on 07 June 2019 vide Gazette No.191.

(ii). The Ministry of Shipping (MOS), as a policy direction under Section 111 of the Major Port Trusts Act, 1963, has issued Tariff Guidelines, 2019, for BOT operators who were previously governed by 2005 Tariff Guidelines. Consequent to the issue of the Tariff Guidelines, 2019, by the MOS, the tariff fixation exercise in respect of the IGTPL is to be governed by the stipulations contained in the Tariff Guidelines, 2019 and the Working Guidelines issued to operationalize the Tariff Guidelines, 2019.

The proposal dated 28 August 2019 filed by the IGTPL for general revision of its SOR is under the Tariff Guidelines, 2019 and Working Guidelines to operationalize the Tariff Guidelines, 2019. In the original proposal of August 2019, the IGTPL had proposed steep hike in tariff of few categories of coastal containers viz. loaded and empty coastal transshipment containers at 33% and 26% respectively as against reduction proposed in its foreign counter part, and 14% and 35% increase in normal laden and empty coastal containers as against status quo proposed its corresponding foreign category. This was strongly objected by most of the users/ user association like, Indian Ship Owners Association (INSA), Cochin Steamer Agents Association, etc. The steep increase in the proposed rates for coastal category arose because the IGTPL had arrived at rate for coastal container by restating it with the prevailing exchange rate and then pegging it at 60% thereof which is not in line with the prevailing applicable coastal concession policy of the Government. In view of the strong objection raised by users/ user association and also in view the coastal concession policy of the Government brought out by us to the notice of IGTPL, the IGTPL has subsequently filed the revised proposal removing this wide disparity in the proposed rates between foreign container and coastal container. The tariff increase proposed by the IGTPL in the revised proposal is tabulated in the earlier paragraphs and hence not reiterated for the sake of brevity. The final revised proposal filed by IGTPL vide its letter dated 20 December 2019 and subsequent emails dated 16 January 2020 and 22 January 2020 along with revised Annual Revenue Requirement (ARR), revised draft SOR and modified estimates of revenue along with submissions made by the IGTPL and port during the processing of the case are considered in this analysis. The IGPTL has furnished requisite revised cost statements and modified revenue estimates duly certified by a practicing Chartered Accountant.

(iii). (a). Clause 2.1 of the Tariff Guidelines, 2019, requires each BOT Operator to assess the Annual Revenue Requirement (ARR) which is the average of the sum of Actual Expenditure as per the final Audited Annual Accounts of the immediate preceding three years (Y1), (Y2) and (Y3) at the time of submitting the proposal subject to certain exclusions as prescribed in Clause 2.2, 2.3.1 and 2.3.2 of the Tariff Guidelines, 2019 and the Working Guidelines issued by this Authority plus Return at 16% on Capital Employed obtaining as on 31st March Y3, duly certified by a practicing Chartered Accountant/ Cost Accountant.

(b). The IGTPL has assessed the ARR based on Audited Annual Accounts for three years i.e. 2016-17 (Y1), 2017-18 (Y2) and 2018-19 (Y3) duly certified by a practicing Chartered Accountant. While assessing the ARR, the IGTPL has made exclusions of the expenses not admissible in ARR computation, as prescribed in Clause 2.2, 2.3.1 and 2.3.2 of the Tariff Guidelines, 2019. The following adjustments done by IGTPL in line with provisions prescribed in Clause 2.2, 2.3.1 and 2.3.2 of the Tariff Guidelines, 2019 and the Working Guidelines are brought out for specific mention:

(i). Clause 2.2 of the Tariff Guidelines, 2019, interalia, stipulates that Royalty/Revenue share' payable to the landlord port by the BOT operator in those cases where the bidding process was finalized before 29 July 2003 tariff computation will be taken into account to the extent of the next highest bidder in the ARR computation. As per Clause 2.3.1 (ii) of the Tariff Guidelines, 2019 royalty/ Revenue share payment is to be excluded to the extent not admissible in tariff fixation complying with provisions prescribed at clause 2.2 above

In the case of IGTPL, since the bidding was done subsequent to 29 July 2003, IGPTL is not eligible for pass through of revenue share in computation of tariff, by virtue of the relevant condition in its License Agreement and clause 2.3.1 (ii) of the Tariff Guidelines of 2019 issued by the Government. Revenue share was not admitted as cost in the last tariff Order. The IGTPL has rightly excluded revenue share to the extent of ₹7481.70 lakhs, ₹8310.30 lakhs and ₹9505.71 lakhs from the total expenditure for each of the years 2016-17 to 2018-19 for computation of ARR.

(ii). As per Clause 2.3.1 (ii) of the Tariff Guidelines, 2019, Interest on loans, provision for bad and doubtful debts, provision for slow moving inventory etc., are to be excluded. The IGTPL has accordingly, excluded ₹5,927.10 lakhs, ₹5,345.80 lakhs and

₹7,076.34 lakhs during the years 2016-17 to 2018-19 respectively as interest on loan; ₹11.92 lakhs in the year 2018-19 towards provision for bad and doubtful debts; ₹11.20 lakhs, ₹2.65 lakhs and Nil for the years 2016-17 to 2018-19 respectively towards provision for slow moving inventory. The Audited Annual Accounts of the IGTPL for the year 2016-17 report provision for impairment loss on financial assets to the tune of ₹3.60 lakhs. This has also been excluded by IGTPL in ARR computation as it is in nature of provision.

(iii). The Annual Accounts of the IGTPL under Note 23 - Other expenses, report ₹185.90 lakhs and ₹1,803.10 lakhs for the years 2017-18 and 2018-19 as exchange loss on realisation and translation of financial assets and liabilities. Foreign exchange gain or loss arising on account of actual payment is admitted as cost during tariff fixation. Foreign exchange gain or loss arising out of restatement of loan/ assets/ expenses are not considered while determining the tariff. The same approach was followed uniformly across all the BOT operators governed under the erstwhile Tariff Guidelines 2005 as well. In this regard, IGTPL has clarified that IGTPL has availed ECB Loans in FY2014-15 from ADCB to the tune of USD 50,000,000 and USD 15,000,000 from Standard Chartered thus total loan aggregating to USD 65,000,000. These Loans are backed by Corporate Guarantee from DP World Limited, Dubai for which a Commission is also payable to DP World Limited @ 1.50% per annum of Outstanding Loan of ADCB on a monthly basis as shown under Note 12 of Financial Statements. The IGPTL has stated that major Forex Payments include Interest and Repayments of ECB Loans, Guarantee Commission payable to DP World Limited and Management Fees payable to DP World Limited. Further, every Financial Year end, ECB Loans are re-stated at Current exchange rate and the unrealized Gain/Loss is debited to Profit & Loss in compliance with Accounting Standards.

The IGTPL has furnished the detail computation of the actual foreign exchange gain/ loss arising on account of repayments of loans, payment of Management fees and Guarantee Commission during the years 2016-17 to 2018-19 duly certified by practicing Chartered Accountant. The summary position of actual foreign exchange gain/ loss on account of repayments for the period January 2016 to March 2016 and for the years 2016-17 to 2018-19 based on the working furnished by IGTPL is tabulated below:

₹ in lakhs

Sr. No.	Items	FY 2015-16 (Jan- Mar)	FY 2016-17	FY 2017-18	FY 2018-19
(i).	On Payment of Guarantee Commission to DP World Limited	(8.41)	(31.40)	5.52	(29.32)
(ii).	On Payment of Management Fees to DP World	0.00	(26.82)	36.93	(2,362.45)
(iii).	**Total Forex Loss on Repayment of Foreign Liabilities (i) +(ii)**	**(8.41)**	**(58.22)**	**42.45**	**(2,391.77)**
(iv).	On Re-payment of ECB Loans	-	(116.68)	(203.24)	(425.97)
(v).	**Total Forex Gain / (Loss) (iii +iv)**	**(8.41)**	**(174.90)**	**(160.79)**	**(2,817.74)**
	Foreign exchange loss on account of actual payment considered by		**(183.31) [174.90+8.41 of 2015-16**	**(160.79)**	**(2,817.74)**

	IGPTL in ARR computation		**Jan 2016 to March 2016)**		

Relying on the detailed computation of Foreign exchange loss arising on account of actual payment furnished by the IGPTL duly certified by the practicing Chartered Accountant, the same is considered except for minor correction in the year 2016-17. The IGPTL has added loss for foreign exchange loss of ₹8.41 lakhs pertaining to the year 2015-16 i.e. January 2016 to March 2016. The proposal filed by the IGPTL for tariff revision captures Y1, Y2 and Y3 as 2016-17, 2017-18 and 2018-19 for computation of ARR. Hence, foreign exchange loss arising on account of payment for the year 2015-16 (January to March 2016) to the tune of ₹8.41 lakhs cannot be considered for the year 2016-17 and hence excluded. This shall, however, be captured while reviewing the estimates for the year 2015-16 as compared to the actuals as brought out in the subsequent paragraphs. Subject to the above modification, the foreign exchange loss arising on account of actual payment considered in the ARR computation is ₹174.90 lakhs, ₹160.79 lakhs and ₹2817.74 lakhs for the years 2016-17 to 2018-19 respectively.

(iv). The Annual Accounts for the years 2016-17 report ₹1504.3 lakhs under miscellaneous expense under the head Other Expenses. The interlinked note under 24(ii) states it is towards claim made by the IGTPL on the COPT for loss of profit in business due to delay on the part of the Licensor to meet the obligation of the License Agreement and the IGTPL has captured this in the year 2016-17 based on the arbitration award received in May 2017 in the favour of the IGPTL. Both the IGPTL and the licensor port COPT were requested to elucidate this item. In this regard, the IGTPL has clarified that it has taken legal action against COPT for loss of profit and one of those claims made on the COPT includes Cost of Deployment of CISF personnel in ICTT during the period Feb 2011 to December 2015 to the total amount of ₹18.20 Crores. Of this, IGTPL has made a provision of ₹15.03 Crores in books. In the Arbitration Award dated 12 May 2017, it has been ruled that cost of deployment of CISF is to be borne by IGTPL. Hence, the contention of the IGPTL is that ₹1504.30 lakhs is provided by IGTPL during FY 2016-17 as a matter of prudence and also based on independent legal opinion.

However, the COPT has, in this regard, stated that based on the Expert opinion of Attorney General of India, COPT has filed petition against the Award dated 12.05.2017 passed by the Arbitral Tribunal in the Hon'ble District Court, Ernakulum. The port has viewed that since no money claim has been awarded to either party, the loss of profit provided by IGTPL in 2016-17 is not correct.

In view of the position brought out by the port and also recognizing that this item captured by the IGTPL is in the nature of provision for loss of profit, this item is not considered as item of expense in the computation of ARR in the current tariff revision exercise. This is also to fall in line with Clause 2.3.1 (ii) of the Tariff Guidelines, 2019 which stipulates to exclude provision for bad and doubtful debts etc., from the computation of ARR. Thus, the ARR computation is modified to that extent by excluding ₹1504.30 lakhs from the total expenditure for the year 2016-17.

(v). Clause 2.3.2 stipulates that in case there is variation in the expenditure reported under IND AS and IGAAP (like depreciation), then necessary adjustments are to be done in ARR computation by excluding IND AS figure and considering figures as per IGAAP. The Audited accounts of IGAAP are IND AS compliant. The IGTPL has made necessary adjustment in the Depreciation & Amortisation and lease rent paid to COPT to capture these items as per IGAAP to comply with the Guideline position. The IGTPL has shown adjustment of reduction of ₹3.67 lakhs towards depreciation for each of the years 2016-17 to 2018-19. Further, the IGTPL has made necessary adjustment for lease rent from IND AS to IGAAP by adding ₹8.72 lakhs, ₹7.99 lakhs and ₹8.42 lakhs for the years 2016-17 to 2018-19 respectively. The COPT has stated that the Actual Lease Rent paid by IGTPL to COPT is ₹11.19 lakhs (including arrears for 2015-16), ₹8.01 lakhs & ₹8.29 lakhs for FY 2016-17 to FY 2018-19 respectively. There is slight mismatch in the figures given by the COPT vis-à-vis IGTPL. For the purpose of the analysis, the lease rent for the years 2016-17 to 2018-19 as furnished by the IGTPL duly certified by the practicing Chartered Accountant is considered. The IGTPL has furnished the requisite working in Form 6A which is duly certified by practicing Chartered Accountant and the same is relied upon.

(c). Following the provisions prescribed at Clause 2.2, 2.3.1 and 2.3.2 of the Tariff Guidelines, 2019 and the Working Guidelines and based on the adjustments as discussed above, the IGTPL has arrived at average expenses for the years 2016-17 to 2018-19 at ₹13,718.98 lakhs. The modified average expenses works out to ₹13,214.74 lakhs in view of above modifications as per the stipulation prescribed in clause 2.4 of the Tariff Guidelines, 2019.

(iv). (a). As per clause 2.5 of the Tariff Guidelines 2019 Capital Employed will comprise of Gross Fixed assets (Property, Plant & Equipment) [as arrived as per the Indian Generally Accepted Accounting Principles (IGAAP)] plus capital work in progress as on 31 March/ 31 December of the year Y3 to be restated from the figures reported under IND AS in the Audited Annual Accounts and working capital as per norms prescribed. The Audited Annual Accounts for the year 2018-19 reports Gross fixed Tangible Assets of ₹1,755.19 crores under the IND AS. The IGTPL has considered gross fixed assets at ₹1,112.69 crores as per IGAAP in line with provision prescribed in Clause 2.5 of the Tariff Guidelines, 2019. The IGTPL has also confirmed that Gross Fixed Assets do not include Intangible Asset pertaining to Right to Use Land as suitable adjustment is done to capture lease rent in the ARR computation as per IGAAP. The IGTPL has furnished prescribed Form 7 giving computation of gross fixed assets as per IGAAP duly certified by practicing Chartered Accountant. The IGTPL has also furnished a reconciliation in this regard. The Gross Fixed Assets as on 2018-19 considered by the IGTPL as per IGAAP duly certified by the practicing Chartered Accountant is relied upon and considered.

The IGTPL has not considered capital work-in-progress as per the audited Annual Accounts for the year 2018-19.

(b). Working capital comprises of Inventory, Sundry debtors and Cash balances, as per Clause 2.6 of the Tariff Guidelines, 2019. The IGTPL has given details of inventory consumption during the year 2018-19 and considered six months there of in the computation of working capital as per the prescribed norm. The cash balance is seen to have been computed as per norm prescribed in clause 2.6 of Tariff Guidelines, 2019. Following the provisions prescribed at Clause 2.6 of the Tariff Guidelines, 2019 and the

Working Guidelines, the IGTPL has arrived at working capital at ₹1,085.61 lakhs. This is considered.

(c). The total capital employed arrived by IGTPL is ₹1123.55 crores [i.e. gross fixed assets ₹1,112.69 crores + ₹10.86 crores]. Return on Capital Employed (ROCE) considered by IGTPL at 16% is ₹179.77 crores. The same is taken into account.

(v). The ARR comprises of the average of the expenditure for the three financial years 2016-17 to 2018-19 plus 16% ROCE. The ARR arrived by IGTPL is ₹316.96 crores (₹137.19 crores + ₹179.77 crores). The modified ARR arrived by us works out to ₹311.92 crores (₹132.15 crores + ₹179.77 crores). Further, as per Clause 2.8 of Tariff Guidelines, 2019, the said ARR needs to be indexed @ 100% of the WPI applicable for the year 2019-20 which is 4.26%. The indexed ceiled ARR assessed by the IGTPL is ₹330.46 crores applying 4.26% indexation. As per the modified ARR computation done by us the modified indexed ceiling ARR works out to ₹325.20 crores for the year 2019-20 (₹311.92 crores * 1.0426). This does not include of past period adjustment. The analysis relating to the past period is brought out in subsequent paragraphs.

The final detailed working of ARR calculation furnished by the IGTPL which has been duly certified by practicing Chartered Accountant is relied upon. This is subject to minor modification as explained above. The detailed ARR calculation furnished by the IGTPL and modified ARR calculation as discussed above are attached as **Annex-I** (**a**) and (**b**) respectively.

(vi). Clause 3.1.2.of the Tariff Guidelines 2019 stipulates that in case of the BOT operators who have not gone to the Court against the previous Order of this Authority, the surplus/ deficit for the past period till the period of tariff fixation during the first fixation of Tariff under the Tariff Guidelines of 2019 is to be done as per clause 2.13 of the Tariff Guidelines 2005.

The IGTPL has furnished Cost Statement for the past period 2016-17 to 2018-19 reviewing the estimates considered in last tariff Order vis-à-vis the actuals in line with clause 3.1.2.of the Tariff Guidelines 2019 read with clause 2.13 of the Tariff Guidelines 2005. The review of past period actuals vis-à-vis estimates furnished by the IGTPL for the years 2016-17 to 2018-19 is modified/ corrected for the reasons explained alongwith analysis in the subsequent paragraphs.

(vii). The analysis is as given below:

(a). The actual traffic handled by IGTPL during the period from 2016-17 to 2018-19 is 4.91, 5.56 and 5.95 lakh TEUs respectively aggregating to 16.42 lakh TEUs as against the estimated traffic of 4.71, 5.54 and 6.23 lakh TEUs for the corresponding period respectively aggregating to 16.48 lakh TEUs estimated in the tariff Order of September 2016.

The total actual traffic of the IGTPL reported by COPT for the years 2016-17 to 2018-19 aggregates to 16.42 lakh TEUs which slightly varies from the actual aggregate traffic reported by the IGTPL at 16.48 lakh TEUs for the corresponding period. For the purpose of this analysis, the actual traffic reported by the IGTPL is considered.

The variation in the physical performance is 0.41% negative which is found to be less than +/-20%.

(b). The income estimates considered in the last tariff Order for the year 2016-17 is adjusted for five months i.e. the period from November 2016 to 31 March 2017 and for the years 2017-18 and 2018-19 on pro rata basis to capture the effect of tariff increase granted in the tariff Order of September 2016 for a like to like comparison with the actual income from the date of implementation of the Order.

The opinion of Attorney General for India conveyed by Ministry of Shipping vide its letter dated 12 June 2015 is that the actual income earned by the operator based on their Audited Accounts should be considered and not any notional income. Therefore, for the purpose of analysis of the past period, the actual income as reported in the Annual Accounts is considered.

(c). The IGTPL has considered the depreciation figure as per the IGAAP in the cost statement prepared by it for the past period. The same is considered on the premise, that the cost statement prepared during the last revision was based on the estimates which at that time was based on IGAAP. From the year 2016-17, the IGTPL has followed IND AS method of accounting. But, for a like to like comparison as done by the IGTPL, the depreciation figure under IGAAP duly certified by the Practicing Chartered Accountant is considered as done by the IGTPL.

(d). It is seen that the IGTPL has made necessary adjustment for lease rent from IND AS to IGAAP by adding ₹8.72 lakhs, ₹7.99 lakhs and ₹8.42 lakhs for the years 2016-17 to 2018-19 respectively. Since the estimates for the years 2016-17 to 2018-19 considered during the last tariff revision was based on the then accounting method as per IGAAP followed by the IGTPL, while comparing the actuals vis-à-vis the estimates for the same period, the lease rent as furnished by IGTPL is considered. As stated earlier, for the purpose of the analysis, the lease rent for the years 2016-17 to 2018-19 as furnished by the IGTPL duly certified by the practicing Chartered Accountant is considered.

(e). It is seen that the IGTPL has not made necessary adjustment as regards provisions for bad and doubtful debts, provision for slow moving inventory and provision for impairment loss on financial assets in the past period cost statement for the years 2016-17 to 2018-19 though it has made necessary adjustment of excluding these items in the ARR computation. Hence, in the cost statement for the past period prepared by us, the above provision items are excluded from the years 2016-17 to 2018-19. For the reasons explained in the earlier paragraphs, ₹15.04 crores towards provision for cost of deployment of CISF in the year 2016-17 is also excluded.

(f). The IGTPL has excluded the net impact of exchange gain/ loss reported in the Audited Annual Accounts and has separately captured the foreign exchange gain / loss arising on account of actual payments done during the years 2016-17 to 2018-19. The adjustments done by the IGTPL are considered in this regard. As stated earlier, the IGTPL has captured the exchange loss of ₹8.41 lakhs for the year 2015-16 (January 2016 to March 2016) which is considered in this analysis while reviewing the actuals for the said three months which is brought out in the subsequent paragraph.

(g). The IGTPL has excluded Revenue share paid to COPT for each of the years 2016-17 to 2018-19 in line with the Tariff Guidelines, 2005 and Tariff Guidelines, 2019.

(h). The interest on loans has also been excluded by IGTPL for each of the years 2016-17 to 2018-19 in line with the general approach followed by this Authority.

(i). All the other cost items are considered as reported in the Annual Accounts. On the expenditure side, the actual aggregate expenditure for the years is ₹12,937.28 lakhs as against the estimated expenditure of ₹12,667.74 lakhs in the last Order for the corresponding period. The total actual expenditure thus shows negative variance of 2.13% in comparison to the expenditure estimated in the last tariff Order.

(j). The Capital employed considered during the last tariff revision under the then applicable Tariff Guidelines of 2005 is Net Fixed Assets + working capital as per the prescribed norms. The Net Fixed Assets reported in the Audited Annual Accounts for the year 2016-17 to 2018-19 is based on IND AS. The IGTPL has considered capital employed at ₹67,358.25 lakhs, ₹62,425.74 lakhs and ₹57,380.66 lakhs for the years 2016-17 to 2018-19 respectively for the purpose of computing ROCE. The capital employed considered by the IGTPL is supported with working.

However, the Net Fixed Assets under IGAAP as furnished by the IGTPL duly certified by the practicing Chartered Accountant at ₹66,353.38 lakhs, ₹61,009.14 lakhs and ₹55,692.67 lakhs for the years 2016-17 to 2018-19 is considered for like to like comparison of the estimate of net fixed assets considered during the last tariff revision which was also based on IGAAP method of accounting then followed by the IGTPL.

The working capital is considered as per norms. The stores and spares consumed is captured in line with the norm prescribed in the Tariff Guidelines of 2005. The cash balance is considered at one month cash expense in line with the guideline position. The current liabilities as reported in the audited annual accounts of the respective years is considered. Subject to the above adjustments, Working Capital works out to negative and hence treated as Nil.

Thus, the modified Capital Employed comprises of only Net Block of Assets at ₹66,353.38 lakhs, ₹61,009.14 lakhs and ₹55,692.67 for the years 2016-17 to 2018-19 respectively.

(k). A copy of the cost statement reviewing estimates of 2016-17 to 2018-19 vis-à-vis actuals of the corresponding period is attached as **Annex-II**.

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

(**₹ in crores**)

Particulars	**Aggregate for the years 2016-17 to 2018-19 in absolute terms**		**Variation in %**
	Estimates as per tariff Order	**Actuals**	
Traffic (in TEUs)	16.48	16.41	(0.41%)
Total Operating Income	841.48*	758.15	(9.90%)
Total Expenditure including FME less FMI, Depreciation and overheads	365.66	394.98	8.02%
Surplus/ deficit before Return	475.82	363.16	--
Capital Employed (Average)	643.71	610.19	(5.21%)
16% Return on Capital Employed	308.98	292.89	(5.21%)
Net Surplus after ROCE (before adjustment of past surplus)	166.84	70.28	--
Total adjustments done in the last tariff Order for the past period and estimated net deficit from Jan 2016 to March 2016.	(163.79) + (2.99)	--	--
Net Surplus/ deficit after adjusting past period losses	0.07	--	--

* *The operating income estimates are updated to reflect the effect of tariff increase effected in tariff Order of September 2016 from November 2016 till 31 March 2019.*

(m). The findings of the analysis with reference to the past period relating to the period from 2016-17 to 2018-19 are given below:

(i). The actual aggregate traffic handled by the IGTPL is 16.41 lakhs TEUs as against the estimated traffic of 16.48 lakhs TEUs during the period from 2016-17 to 2018-19. The variation in the physical parameters i.e. actual traffic handled is 0.41% negative in comparison to the estimates.

(ii). The operating income earned by the IGTPL is ₹758.15 crores as against estimation of ₹848.48 crores for the corresponding period resulting in negative variance of 9.90%.

(iii). On the expenditure side, the actual aggregate expenditure for the years 2016-17 to 2018-19 is ₹394.98 crores as against the estimated expenditure of ₹365.66 crores considered in the last Order for the corresponding period. The total actual expenditure thus shows positive variance of 8.02% in comparison to the expenditure estimated in the last tariff Order.

(iv). The average capital employed for the period from 2016-17 to 2018-19 is ₹610.19 crores as against average estimated capital employed of ₹643.71 crores. The variation in the average capital employed comes to 5.21% negative.

(v). As per the modified cost statement for the past period prepared by us, the IGTPL has earned aggregate surplus of ₹70.28 crores after admissible cost and 16% ROCE for the period from 2016-17 to 2018-19.

(vi). When we see the position before ROCE to determine the average ROCE earned by IGTPL for the said three years, it is seen from the cost statement prepared by us, that the IGTPL has earned aggregate surplus of ₹363.16 crores before return on capital employed for the period from 2016-17 to 2018-19. The average annual return earned on the average capital employed thus works out to 19.84%, as shown in the following table:

(₹ in crores)

Particulars	2016-17	2017-18	2018-19	AVG.
Actual Surplus/ deficit before return	102.73	130.94	129.50	363.17 (Total) 121.06 (Avg.)
Actual Capital Employed	663.53	610.09	556.93	610.18 (Avg.)
Actual Return earned on capital employed	15.48%	21.46%	23.25%	19.84%

(vii). As per clause 2.13 of the tariff guidelines, if review of actual physical and financial performance for the previous tariff cycle shows the variation of more than + or – 20%, then 50% of such accrued benefit / loss has to be adjusted in the next tariff cycle. As per the opinion of AG also as conveyed by the MOS, variation in both physical and financial parameters should be taken into account for the purpose of clause 2.13. Further, as per the opinion of the AG, if the variation in both the physical and financial parameters is more than 20%, then 20% of the surplus is to be allowed to be retained by the operator. It is only the surplus over and above the 20% that shall be shared equally i.e.50:50 between the operator and the users. In nutshell, 60% of additional surplus is allowed to be retained with the operator and 40% additional is to be shared with users by considering adjustment in future tariff.

It can be seen from the above analysis that the variation in the physical parameter i.e., actual traffic handled is less than 20% i.e. 0.41% negative and financial performance in terms of return on capital employed is positive and the same is more than 20% variation (20% variation over 16% comes to 19.20%). Whereas the ROCE earned by IGTPL is 19.84% which is more than 20% variation. However, since the variation is not found in both the parameters more than +/-20%, there is no case for adjustment of past period surplus in the current tariff cycle following the opinion of the AG on the interpretation of clause 2.13 of the Tariff Guidelines of 2005.

(n). During the last revision, the figures considered for the year 2015-16 upto December 2015 in the past period analysis and January 2016 to March 2016 figures considered in the tariff fixation was based on provisional Accounts of 2015-16. In para 10 (iii) (II) (vii) of the Order, it was stated that the figures for the year 2015-16 will be reviewed at the time of next review with reference to the final Audited Accounts for the year 2015-16. In this regard, the IGTPL, has furnished actuals for the year 2015-16 alongwith the reconciliation with the figures reported in the Audited Annual Accounts. The same are considered except for exclusion of provision which is not considered by the IGTPL. This is in line with the approach followed for review of the actuals of the past period of 2016-17 to 2018-19. The review of the actuals of 2015-16 is shown separately in the **Annex-II**. It can be seen from said annex that there is no variation in the traffic and income in the actuals as per Audited Accounts vis-à-vis the figures considered in the last tariff revision based on provisional accounts. The variation in expenditure and capital employed is negligible of 0.12% to 1.5%. The actual net deficit is ₹24.78 crores as against net deficit of ₹22.45 crores which was already considered during the last tariff revision Order.

(o). In the current tariff cycle, review of the actuals vis-à-vis the estimates considered in the last tariff Order is done following clause 3.1.2 of the Tariff Guidelines 2019 for the years 2016-17 to 2018-19. The existing SOR of IGPTL has been extended upto 30 September 2019 and has been deemed to have been extended till the revised approved SOR comes into effect. By the time the revised SOR comes into effect it may be around beginning of the financial year 2020-21. Hence, actuals for the year 2019-20 shall also be reviewed at the time of next review with reference to the final Audited Accounts for the year 2019-20 and adjusted following the approach prescribed in clause 3.1.2 of the Tariff Guidelines 2019.

(viii). As brought out in the preceding paragraphs, the modified indexed ceiling ARR is arrived at ₹325.20 crores for the year 2019-20. As stated earlier, there is no case for past period adjustment in the current tariff cycle.

(ix). (a). As per Clause 2.10 of Tariff Guidelines, 2019, for drawing the SOR, the traffic to be considered would be the average of the actual traffic handled by the BOT operator during the years Y1, Y2 and Y3, duly certified by the concerned port. The average traffic considered by the IGTPL for the years 2016-17 to 2018-19 is 5,47,181 TEUs. The Cochin Port Trust (COPT) has confirmed that the traffic figures are correct. Therefore, the average traffic for the years 2016-17 to 2018-19 considered by the IGTPL for revenue estimation is relied upon.

(b). The tariff increase proposed by the IGTPL in the revised proposal is tabulated in the earlier paragraphs and hence not reiterated for the sake of brevity.

Clause 2.11.1 of Tariff Guidelines, 2019, gives flexibility to the BOT Operators to determine the rates within the estimated ARR to respond to the market forces based on commercial judgment. The proposal of the IGTPL is within the guideline provision.

At the revised proposed rate, the IGTPL has estimated revenue of ₹324.67 crores. The IGTPL has given detailed working of revenue estimation indicating each of the tariff items in the proposed SOR for corresponding average traffic for the years 2016-17 to 2018-19, as required as per Clause

2.11.1 of the Tariff Guidelines, 2019. The revenue estimation statement has been duly certified by a Chartered Accountant. The revenue estimation furnished by the IGTPL is relied upon.

(x). Based on the above analysis, a summary of the ceiling indexation ARR furnished by the IGTPL and as considered by us based on the modified cost statement is given below:

(**₹ in crores**)

Sr. No.	**Particulars**	**ARR computation furnished by the IGTPL**	**ARR computation modified by us**
1	Average admissible Expenses for the years 2016-17, 2017-18 and 2018-19 [Y1+Y2+Y3]/3	137.19	132.15
2	Capital employed as on 31.03.2019 including capital work in progress as on 31.03.2019 and working capital as per norms	1,123.55	1,123.55
3	Return on capital employed @ 16%	179.77	179.77
4	ARR as on 31 March 2019 (4=2+3)	316.96	311.92
5	Indexation in the ARR @ 100% of the WPI applicable for the year 2019-20 (4.26% for the year 2019-20)	330.46	325.20
6	Ceiling Indexed Annual Revenue Requirement (ARR)	330.46	325.20
7	Revenue estimated by the IGTPL at proposed rate	324.67	324.67
8	Revenue gap	5.79	0.53

(xi). As regards the penal rate of interest for delayed payment and refund, the IGTPL has proposed the rate penal interest at 15% which is in line with clause 5.4.1 of the Tariff Guidelines 2019 and hence it is approved.

(xii). The existing note no.vi (a) under General provisions relating to conversion of Dollar denominated tariff into Rupee term is modified by IGTPL to fall in line with clause 5.5.1 of the Tariff Guidelines 2019 and hence it is approved.

(xiii). The existing note no.xiii under General provisions prescribes levy of 1 lakh per hour in case vessel idles at the terminal for more than two hours due to fault of user. The IGTPL has now proposed to increase it to ₹1.25 lakhs per hour which is approved as it is to act as a deterrent from idling of vessels at the terminal.

(xiv). The IGTPL has deleted the existing note nos.(xiv) (a) to (c) dealing with ceiling rates and flexibility given to operator to give discount / rebates over the approved rates. The existing note nos.(xiv) (a) to (c) are continued to be prescribed in the revised SOR as it is uniformly prescribed in SOR of all the Major Ports and BOT operators and it is in line with the Tariff Guidelines, 2019.

(xv). The rate originally approved by this Authority vide Order No.TAMP/46/2018-MUC dated 08 June 2018 for mandatory users charge has been subsequently revised by this Authority vide Order No.TAMP/12/2019-MUC dated 24 July 2019 based on the proposal of Delhi-Mumbai Industrial Corridor Development Corporation (DMICDC) alongwith relevant notes governing the tariff prescribed. The IGTPL has proposed only the 1st note for Mandatory User Charge (MUC) and not complete set of notes governing the approved rates. Considering that the validity of the rates prescribed for MUC will be different from the validity of the revised SOR of the IGTPL, it is appropriate to prescribe a note stating that MUC will be governed by separate common adoption Order No.TAMP/46/2018-MUC dated 24 July 2019 approved by TAMP for common adoption by all Major Port Trusts and BOT terminals.

(xvi). The existing note no.7 under Section – VIII relating to storage charge on hazardous container is modified by IGTPL to state that premium shall be levied at 50% as against 25% premium to fall in line with clause 9.9.3 of the Working Guidelines, 2019 and hence it is approved.

(xvii). Apart from this, the IGTPL has retained the conditionalities as prescribed in the existing SOR.

(xviii). The IGTPL was requested to incorporate the provisions in the SOR stipulated in Amendment Order No.TAMP/53/2015-VOCPT dated 25 September 2018 in common adoption Order No.TAMP/53/2015-VOCPT dated 26 November 2015 relating to provision prescribed for concessional coastal tariff for ships and cargo that move from one Indian Port to another Indian Port through the territorial waters of Sri Lanka or Bangladesh in terms of Notification No.38/2018- Customs (N.T.) dated 11 May 2018 issued by the Central Board of Indirect Taxes and Customs, Department of Revenue, Ministry of Finance. The said Order passed is for common adoption by all the Major Port Trusts and the concerned BOT operators in whose Scale of Rates the relevant conditions are prescribed. The IGTPL has not incorporated said notes in line with the said common adoption Order. That being so, the notes incorporated as approved by this Authority vide Order dated 25 September 2018.

(xix). As per Clause 2.12 of the Tariff Guidelines, 2019, the SOR will be indexed annually to inflation to the extent of 60% of the variation in Wholesale Price Index (WPI) announced by the Government of India occurring between 1st January to 31 December of the relevant year. Such adjusted SOR will come into force from 1st May of the relevant year to 30th April of the following year. The IGTPL has proposed a note no.xiv under General provisions to state that first escalation in the SOR at 60% of WPI will come into effect from 1 May 2020 and last one on 1 May 2021. The proposed note on annual indexation in its tariff is approved subject to slight modification. Since the validity of the SOR is prescribed for three years, there is no need for specific prescription of last year of indexation. That being so, the proposed note incorporated in the SOR is suitably modified to that extent.
The IGTPL has in concluding para of the proposed note stated that the individual tariff arrived after applying the annual escalation shall be rounded off to 1/100th of a paise. This is simplified to state that it shall be rounded off to two decimals.

(xx). Clause 4.9 of the Tariff Guidelines, 2019 prescribe tariff validity cycle of three years subject to annual indexation as mentioned in clause 2.12. Therefore, the validity of the revised SOR is prescribed for a period of 3 years from the date of effect of revised SOR subject to annual indexation clause prescribed in the SOR.

(xxi). As stated in the separate Order notified by the Authority notifying the revised SOR of IGTPL, the revised SOR shall come into force after expiry of 30 days from the date of notification of the separate Order relating to the revised SOR of IGTPL in the Gazette of India vide Gazette No.92 dated 03 March 2020 and shall be valid for a period of 3 years from the date the revised SOR comes into effect. As stated in the said Order, the then prevailing SOR whose validity was last extended by this Authority upto 30 September 2019 is deemed to have been extended from the date of expiry till the date of implementation of revised SOR.

(xxii). (a). **As per the Tariff Guidelines, 2019, the rates prescribed in the Scale of Rates are ceiling levels; likewise, rebates and discounts are floor levels. The IGTPL may exercise the flexibility to charge lower rates and/or allow higher rebates and discounts.**

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

13.1. In the result, and for the reasons given above, and based on a collective application of mind, the revised SOR of the IGTPL is approved which has been notified separately.

13.2. The effective date of the revised SOR and conditionalities governing the application of revised SOR will remain the same as already indicated in the separate Order dated 20 February 2020 notifying the revised SOR of IGTPL and shall be in force for a period of three years from the date the revised SOR comes into effect. The approval accorded may automatically lapse thereafter unless specifically extended by this Authority.

13.3. As per clause 7 of the Tariff Guidelines 2019, the IGTPL shall furnish to TAMP without fail annual reports on cargo traffic handled and ship berth day output. The annual reports shall be submitted by the IGTPL within 90 days following the end of each of the year. Any other information which is required by TAMP shall also be furnished to them from time to time. The IGTPL is advised specifically to refrain from withholding requisite information.

13.4. During the next review of Scale of Rates of IGTPL, the actual revenue and actual traffic will be compared with the ARR and the traffic relied upon in the immediate previous tariff cycle. If, on such review, variation in both physical and financial parameters is more than +/- 20%, then the surplus/ deficit shall be adjusted in the Annual Revenue Requirement of the next tariff cycle as per clause 3.2.1 of the Tariff Guidelines 2019.

(T.S. Balasubramanian)
Member (Finance)

Annex-I (a)

Form - 1

Computation of Annual Revenue Requirement under Tariff Policy, 2019 for Determination of Tariff for BOT operators operating at Major Port Trusts furnished by IGTPL.				
				Rs. in lakhs
Sl. No.	**Description**	**Y1 (2016-17)**	**Y2 (2017-18)**	**Y3 (2018-19**
(1).	**Total Expenditure (As per Audited Annual Accounts)**			
(i).	Operating expenses (including depreciation)	18,986.30	19,685.00	21,663.21
(ii).	Finance and Miscellaneous expenses (FME)	7,918.90	6,000.93	9,391.94
	Total Expenditure 1=(i)+(ii)	26,905.20	25,685.93	31,055.15
(2).	**Adjustments in respect of items where there is variation in figures reported as per INDAS (as per Audited Accounts) and IGAAP**			
(i).	Depreciation	(3.67)	(3.67)	(3.67)
(ii).	Lease Fee to Landlord Port	8.72	7.99	8.42
	Total of Adjustments 2=(i)+(ii)	5.04	4.32	4.74
(3).	**Less Adjustments:**			
(i).	Actual Royalty / Revenue share paid to the port	7,481.70	8,310.30	9,505.70
(ii).	Interest on loans	5,927.10	5,345.80	7,076.34
(iii).	Provision for bad and doubtful debts			11.92
(iv).	Provision for slow moving inventory	11.20	2.65	-
(v).	Exchange Loss on Translation of Financial Assets/Liabilities	3.60	-	-
(vi).	Exchange Gain / Loss As Booked Under Note 23 of Financial Statements	-	185.87	1,803.10
	Add : Adjustments			
(vii)	Realised Exchange Loss on Repayment of Liabilities	183.31	160.79	2,817.74
	Total of 3 = [3(i)+3(ii)+3(iii)+3(iv)+3(v)+3(vi)-3(vii)]	13,240.30	13,683.82	15,579.32
(4).	**Add: Admissible Royalty/ Revenue Share as per Clause 2.2. of the Tariff Guidelines, 2019**			
(5).	**Total Expenditure after Total Adjustments (5 = 1+2+3)**	13,669.95	12,006.42	15,480.57
(6).	Average Expenses of Sl. No.5 = [Y1 + Y2 + Y3] / 3			**13,718.98**
(7).	**Capital Employed**			
	(i). Gross Fixed Assets (Property, Plant & Equipment) as on 31st March Y3 or 31 December of Y3 followed by the BOT operator (As per IGAAP)			**111,269.04**
	(ii). Add: Capital Work in Progress as on 31st March Y3 or 31 December of Y3 followed by the BOT operator (As per Audited Annual Accounts)			-
	(iii). Add: Working Capital as per norms prescribed in clause 2.6 of the Tariff Guidelines, 2019			
	(a). Inventory			246.65
	(b). Sundry Debtors			-
	(c). Cash			838.96
	(d). Sum of (a)+(b)+(c)			**1,085.61**
	(iv). Total Capital Employed [(i)+(ii)-(iii)]			**112,354.65**
(8).	**Return on Capital Employed 16% on Sl. No.7(iv)**			17,976.74
(9).	**Annual Revenue Requirement (ARR) as on 31 March Y3 or 31 December of Y3 as applicable [(6)+ (8)]**			31,695.72
(10).	**Indexation in the ARR @ 100% of the WPI applicable for the year Y4 for example, if Y4 is 2018-19, then the applicable WPI is 3.45% and the indexed ARR for the year Y4 will be (9) x 1.0345)**		**4.26%**	
(11).	**Ceiling Indexed Annual Revenue Requirement (ARR) as given in Sr. No.10 above.**			**33,045.96**
(12).	**Revenue Estimation at the Proposed indexed SOR within the Ceiling indexed ARR estimated at Sl. No.11 above**			**32,466.74**

Annex-I (b)

Form - 1

Sl. No.	Description	Y1 (2016-17)	Y2 (2017-18)	Y3 (2018-19
	Computation of Annual Revenue Requirement under Tariff Policy, 2019 for Determination of Tariff for BOT operators operating at Major Port Trusts furnished by IGTPL and modified by TAMP.			
				Rs. in lakhs
(1).	**Total Expenditure (As per Audited Annual Accounts)**			
(i).	Operating expenses (including depreciation)	18,986.30	19,685.00	21,663.21
(ii).	Finance and Miscellaneous expenses (FME)	7,918.90	6,000.93	9,391.94
	Total Expenditure 1=(i)+(ii)	26,905.20	25,685.93	31,055.15
(2).	**Add: Adjustments in respect of items where there is variation in figures reported as per INDAS (as per Audited Accounts) and IGAAP**			
(i).	Depreciation	(3.67)	(3.67)	(3.67)
(ii).	Lease Fee to Landlord Port	8.72	7.99	8.42
	Total of Adjustments 2=(i)+(ii)	5.04	4.32	4.74
(3).	**Less Adjustments:**			
(i).	Actual Royalty / Revenue share paid to the port	7,481.70	8,310.30	9,505.70
(ii).	Interest on loans	5,927.10	5,345.80	7,076.34
(iii).	Provision for bad and doubtful debts	-	-	11.92
(iv).	Provision for slow moving inventory	11.20	2.65	-
(v).	Provision for impairment loss on financial assets	3.60	-	-
(vi).	Exchange Gain / Loss As Booked Under Note 23 of Financial Statements	-	185.87	1,803.10
(vii).	Provision towards cost of deplyoment of CISF	1,504.30		
	Add : Adjustments			
(viii)	Realised Exchange Loss on Repayment of Liabilities	174.90	160.79	2,817.74
	Total of 3 = [3(i)+3(ii)+3(iii)+3(iv)+3(v)+3(vi)-3(vii)]	14,753.01	13,683.82	15,579.32
(4).	**Add: Admissible Royalty/ Revenue Share as per Clause 2.2. of the Tariff Guidelines, 2019**			
(5).	**Total Expenditure after Total Adjustments (5 = 1+2+3)**	12,157.24	12,006.42	15,480.57
(6).	Average Expenses of Sl. No.5 = [Y1 + Y2 + Y3] / 3			**13,214.74**
(7).	**Capital Employed**			
	(i). Gross Fixed Assets (Property, Plant & Equipment) as on 31st March Y3 or 31 December of Y3 followed by the BOT operator (As per IGAAP)			**111,269.04**
	(ii). Add: Capital Work in Progress as on 31st March Y3 or 31 December of Y3 followed by the BOT operator (As per Audited Annual Accounts)			-
	(iii). Add: Working Capital as per norms prescribed in clause 2.6 of the Tariff Guidelines, 2019			
	(a). Inventory			246.65
	(b). Sundry Debtors			-
	(c). Cash			838.96
	(d). Sum of (a)+(b)+(c)			**1,085.61**
	(iv). Total Capital Employed [(i)+(ii)-(iii)]			**112,354.65**
(8).	**Return on Capital Employed 16% on Sl. No.7(iv)**			17,976.74
(9).	**Annual Revenue Requirement (ARR) as on 31 March Y3 or 31 December of Y3 as applicable [(6)+ (8)]**			31,191.49
(10).	**Indexation in the ARR @ 100% of the WPI applicable for the year Y4 for example, if Y4 is 2019-20, then the applicable WPI is 4.26% and the indexed ARR for the year Y4 will be (9) x 1.0426)**		**4.26%**	
(11).	**Ceiling Indexed Annual Revenue Requirement (ARR) as given in Sr. No.10 above.**			**32,520.24**
(12).	**Revenue Estimation at the Proposed indexed SOR within the Ceiling indexed ARR estimated at Sl. No.11 above**			**32,466.74**

Annex-II

India Gateway Terminal Private Limited
Analysis of the Past Period Performance of IGTPL for the years 2015-16 to 2018-19 furnished by IGTPL and modified by TAMP

Sr. No.	Particulars									Variation in Percentage (%)	2015-16 upto Dec 2015 based on provisional accounts	2015-16 Jan2016 to March 2016 based on provisional accounts	Total considered in last tariff Order	Actuals as per audited Annual Accounts	Variation in Percentage (%)
		2016-17	2017-18	2018-19	Total	2016-17	2017-18	2018-19	Total		2015-16				
	Traffic (In MTs / TEUs)	471,300	554,400	622,600	1,648,300.00	491,087	555,812	594,644	1,641,543.00	-0.41%	306264	113,286	419,550	419,550	0.00%
I	**Total Operating Income**														
	(i) Container handling income	23,114.67	28,327.95	32,705.65	84,148.27	22,399.30	25,051.30	28,363.90	75,814.50		14806.00	5,450.00	20,256	20,256.20	
	(ii) Cargo handling income														
	(iii) Vessel related income														
	(iv) Others														
	Total (i to iv)	23,114.67	28,327.95	32,705.65	84,148.27	22,399.30	25,051.30	28,363.90	75,814.50	-9.90%	14,806.00	5,450.00	20,256	20,256.20	0.00%
II	**Operating Costs (excluding depreciation)**														
	(i) Operating & Direct Labour	276.27	311.66	348.62	936.55	547.55	260.89	232.12	1,040.56		175.51	66.89	242	293.53	
	(ii) Maintenance Labour	36.80	37.71	38.64	113.15	46.68	16.33	7.31	70.32		27.73	8.19	36	35.92	
	(iii) Equipment Running Costs	1,409.07	1,625.97	1,795.78	4,830.82	1,399.42	1,582.33	1,913.80	4,895.55		938.31	302.36	1,241	1,261.42	
	(iv) Maintanence dredging														
	(v) Royalty / revenue share														
	(vi) Equipment Hire	678.92	896.58	1,026.75	2,602.25	586.67	795.38	939.02	2,321.07		374.28	133.44	508	507.72	
	(vii) Lease Rentals payable as per concession agreement	8.13	8.14	8.14	24.41	8.72	7.99	8.42	25.12		2.32	3.20	6	5.91	
	(viii) Insurance	174.39	182.71	189.27	546.37	180.59	162.95	188.73	532.28		130.04	37.15	167	167.20	
	(ix) Other expenses	438.72	449.52	517.23	1,405.47	429.92	482.19	444.77	1,356.87		316.05	112.14	428	396.42	
	(x) Technical Service Fee	631.54	742.90	834.28	2,208.72	808.55	886.91	1,000.04	2,695.50		406.42	160.28	567	566.70	
	(xi). Provision for bad and doubtful debts	-	-	-	-	-	-	(11.92)	(11.92)			-	-	-	
	(xii). Provision for slow moving inventory	-	-	-	-	(11.20)	(2.65)	-	(13.85)			-	-	-	
	(xiii). Provision for impairment loss on financial assets	-	-	-	-	(3.60)	-	-	(3.60)			-	-	6.00	
	(xv). Provision towards cost of deplyoment of CISF	-	-	-	-	(1,504.30)	-	-	(1,504.30)			-	-	-	
	Total (i to x)	3,653.84	4,255.19	4,758.71	12,667.74	2,489.01	4,192.32	4,722.28	11,403.61	-9.98%	2,370.66	823.65	3,194	3,240.81	1.46%
III	Depreciation	5,889.92	5,908.40	5,990.39	17,788.71	5,513.78	5,442.25	5,412.83	16,368.87	-7.98%	4515	1,488.00	6,003	6,003.23	0.00%
IV	Overheads														
	(i) Management & Administration overheads	1,993.41	2,042.45	2,092.69	6,128.55	3,976.64	2,211.25	2,528.08	8,715.98		1311.34	595.17	1,907	1,908.85	
	(ii) General Overheads														
	(iii) Preliminary expenses & Upfront Payment write-off														
	(iv) Others														
	Total (i to iv)	1,993.41	2,042.45	2,092.69	6,128.55	3,976.64	2,211.25	2,528.08	8,715.98	42.22%	1311.34	595.17	1,907	1,908.85	0.12%
V	Operating Surplus / (Deficit) (I) – (II) – (III) - (IV)	11,577.50	16,121.91	19,863.86	47,563.27	10,419.86	13,205.48	15,700.71	39,326.05		6,609.00	2,543.18	9,152	9,103.31	
VI	Finance & Miscellaneous Income (FMI)														
	(i) Profit on sale of assets				-			2.75	2.75		22		22		
	(ii) Discounted terminal value receivable as per the concession agreement (discounted at … …)				-				-						
	(iii) Others (Scrap Sales & Misc Inc)	5.40	6.35	7.13	18.88	41.94	50.79	66.78	159.51			11.80	12	28.21	
	Total	5.40	6.35	7.13	18.88	41.94	50.79	69.53	162.26		22.00	11.80	34	28.21	
VII	Finance & Miscellaneous Expenses (FME)														
	(i) Loss on repayment of foreign currency loans if any					116.68	203.24	425.97	745.89						
	(ii) Pension payment / contribution														
	(iii) Loss on sale of assets														
	(iv) Others (Bank Charges)					14.10	1.64	2.78	18.52		19	1.00	20	19.33	
	(v). (Gain) / Loss on Repayment of Foreign Liabilities					58.22	(42.45)	2,391.77	2,407.54					8.41	
	Total	-	-	-	-	189.00	162.44	2,820.52	3,171.96		19.00	1.00	20.00	27.73	
VIII	FMI Less FME (VI) - (VII)	5.40	6.35	7.13	18.88	(147.06)	(111.65)	(2,750.99)	(3,009.70)		3.00	10.80	13.80	0.48	
IX	**Surplus Before Interest and Tax (V) + (VIII)**	11,582.90	16,128.26	19,870.99	47,582.15	10,272.81	13,093.83	12,949.72	36,316.36		6,612.00	2,553.98	9,165.98	9,103.79	
X	Capital Employed	68,173.56	64,824.97	60,114.47	193,113.00	66,353.38	61,009.14	55,692.67	183,055.18	-5.21%	71315.78	71,315.78	71,316	72,383.84	1.50%
XI	RoCE - Maximum permissible (15% / 6.35% / 0%)	16%	16%	16%	16%	16%	16%	16%	16%		16%	16%	16%	16%	
XII	Capacity Utilization					15.48%	21.46%	23.25%	19.84%						
XIII	RoCE adjusted for capacity utilization	10,907.77	10,372.00	9,618.32	30,898.08	10,616.54	9,761.46	8,910.83	29,288.83	-5.21%	8,557.89	2,852.63	11,410.52	11,581.41	1.50%
XIV	**Net Surplus / (Deficit) (IX) - (XIII)**	675.13	5,756.26	10,252.67	**16,684.07**	(343.73)	3,332.37	4,038.89	**7,027.53**		(1,945.89)	(298.65)	(2,244.54)	(2,477.62)	
(xv)	**Net deficit at ICTT Rs.42565.48 lakhs adjusted in last tariff revision**				(42,565.48)										
(xvi)	**Net Surplus of RGCT of Rs.647.74 lakhs adjusted in last tariff revision**				647.74										

Sr. No.	Particulars									Variation in Percentage (%)		2015-16 upto Dec 2015 based on provisional accounts	2015-16 Jan2016 to March 2016 based on provisional accounts	Total considered in last tariff Order	Actuals as per audited Annual Accounts	Variation in Percentage (%)
		2016-17	2017-18	2018-19	Total	2016-17	2017-18	2018-19	Total			2015-16				
(xvii)	**Total adjustments done in the last tariff Order for the past period**				(16,378.45)											
		(5,459.48)	(5,459.48)	(5,459.49)	(16,378.45)											
(xviii)	Net Surplus/ deficit after adjusting past period losses	(4,784.35)	296.78	4,793.18	305.62											
	Net Deficit of Rs.299.02 lakhs from January 2016 to March 2016 also considered during the last revision				-299.02											
	Net Surplus/ deficit after adjusting past period losses				6.60											
XV	**Net Surplus / (Deficit) as a % of operating income (XIV/I in %)**				**0.01%**	-1.53%	13.30%	14.24%	**9.27%**			-13.14%	-5.48%	-11.08%	-12.23%	

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

F.No. TAMP/46/2019-IGTPL - Proposal from the India Gateway Terminal Private Limited (IGTPL) for general revision of its Scale of Rates.

A summary of the comments received from the COPT and concerned users / representative bodies and reply furnished by IGTPL thereon are tabulated below:

<table>
<tr><th>Sl. No.</th><th>Comments of the users / user organisations</th><th>Reply furnished by IGTPL</th></tr>
<tr><td>1.</td><td>Cochin Port Trust</td><td></td></tr>
<tr><td></td><td>COPT does not have comments to offer.</td><td>--</td></tr>
<tr><td>2.</td><td>Cochin Custom Brokers' Association</td><td></td></tr>
<tr><td>(i).</td><td>The rates currently prevailing at Cochin is already very high when compared to the nearby ports and India Gateway Terminal Private Limited (IGTPL) have been increasing the rates every year. Due to this the volumes of EXIM traffic through Cochin has fallen further and this can be clearly seen from the statistics. The traffic was diverted to other ports like Tuticorin (PSA) and Chennai (DPW) as their terminal handling charges are cheaper compared to IGTPL. Only the volumes of coastal cargo has increased through the port whereas the volumes of transshipment containers has only increased marginally.</td><td>(a). Cochin volume for last five years is tabulated as per below table:
<table>
<tr><th>Year</th><th>Volume (000 TEUs)</th><th>Percentage Increase</th></tr>
<tr><td>2014</td><td>362.59</td><td>5%</td></tr>
<tr><td>2015</td><td>391.95</td><td>8%</td></tr>
<tr><td>2016</td><td>480.15</td><td>23%</td></tr>
<tr><td>2017</td><td>532.38</td><td>11%</td></tr>
<tr><td>2018</td><td>574.58</td><td>8%</td></tr>
</table>
As evident from the above table, the volumes in Cochin have been increasing yoy and it will be incorrect to mention that the cargo of Cochin has been diverted to other ports.

(b). IGTPL EXIM volumes have grown from 236k TEU's in CY 14 to 300k TEU's in CY 2018 with an average growth of 6% Year-on-Year.

(c). Unlike neighbouring ports, IGTPL was an entirely greenfield terminal and thus required significantly higher quantum of investments. Therefore, the tariffs are higher.</td></tr>
</table>

(ii).	There is a demand for a huge increase in the rates of coastal cargo (more than 62% for 20' containers). This will adversely affect the coastal shipping industry as Kerala is a consumption state and has a larger inflow of domestic cargo into it. If these rates also are increased then there is a high possibility of coastal container traffic shifting to Mangalore Port as it has a close proximity to North Kerala. Apart from this, the local transportation charges (Toll charges) are also high and EXIM trade is diverting their business to other less costly ports.	(a). Cochin Custom Brokers' Association (CCBA) has claimed that Coastal Tariff is increased by 62%. This is not correct. Along with the Application for tariff revision, IGTPL has also submitted comparison of existing tariff and proposed tariff in Annexure VIII. As per our proposal, THC increased for domestic cargo is proposed to be only 14.68%. These tariffs are set in accordance with Tariff. These tariffs are set in accordance with Tariff Guidelines 2019 and are merely aligned with 60% of normal Terminal Handling Charges. (b). It may be pertinent to note that Operating Costs and service delivered for Coastal Containers are same as for Foreign Containers. However, IGTPL continues to levy tariff of 60% of Exim Containers in accordance with Ministry of Shipping Policy Direction and Tariff Guidelines.
(iii).	Under this circumstance, the CCBA has requested that this proposal is to increase the rates which will be detrimental to the Shipping Industry in Cochin, be dropped. The CCBA has also requested TAMP to seriously re-consider this proposal before implementing and demanded that a meeting be convened with the concerned stakeholders, to be heard in a detailed discussion on this proposal, before taking a decision to increase the rates. The CCBA has referred to the 2016 judgement of the Hon'ble High Court wherein the earlier increase was objected to and the court had directed not to increase the rate until they and the Cochin Steamer Agents Association (CSAA) were heard.	---
3.	**Indian National Shipowners' Association**	

<table>
<tr>
<td>(i).</td>
<td>From the limited information provided with the proposal on volumes and revenue from Foreign and Coastal trade averaged for the three year period it can be clearly seen that</td>
<td rowspan="5">(a). The terminal is already providing discounts on transshipment traffic and the reduction in the proposed tariff will narrow the gap with Transshipment Tariff of larger Hubs such as Colombo.

(b). IGTPL EXIM volumes have grown from 236k TEU's in CY14 to 300k TEU's in CY2018 with an average growth of 6% Year-on-Year.

(c). The coastal tariff has been pegged at 60% of Exim Tariff in conformance with the guidelines.

(d). Operating Costs for handling Coastal Containers are same as for Foreign Containers. However, IGTPL continues to provide 40% discount on Coastal Containers in accordance with Ministry of Shipping Policy Direction and Tariff Guidelines 2019.

(e). INSA has given average traffic of only 20FT containers of last three years, which is not comparable as Coastal Trade to Kerala is mostly undertaken in 20FT containers while EXIM trade involves higher proportion of 40FT containers. A comparison of average EXIM/Coastal traffic in terms of TEU's is given below shown that EXIM volumes in totality in TEU's are far higher than Coastal;
<table>
<tr><th>TEU's</th><th>EXIM</th><th>Coastal</th><th>Coastal / Exim</th></tr>
<tr><td>Laden</td><td>2,33,166</td><td>1,15,435</td><td>49%</td></tr>
<tr><td>Empty</td><td>57,336</td><td>1,01,897</td><td>177%</td></tr>
<tr><td>Total</td><td>2,90,505</td><td>2,17,332</td><td>75%</td></tr>
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<td>(a). On one side to attract foreign traffic the terminal is providing
(i). Handsome discount of about 18 & 22% for the transshipment traffic of foreign Laden/ empty boxes respectively.
(ii). It is not proposing any increase in the Terminal handling charges for Foreign Laden & Empty Containers.</td>
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<td></td>
<td>(b). It's obvious terminal was not able to achieve desired volumes for foreign containers for the last three years. However, the overall volume grew from 491067 teus in the year 2016-17 to 594644 teus in the year 2018-19 i.e. an impressive growth of more than 21% in two years. It requires no research to prove that it could be possible only because of coastal container traffic.</td>
</tr>
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<td></td>
<td>Below extract from the information provided for just 20' container will help understand our submission.
<table>
<tr><th>Avg traffic of past 3 years</th><th>Foreign</th><th>Coastal</th><th>% difference Coastal exceeding Foreign</th></tr>
<tr><td>Laden</td><td>76620</td><td>100381</td><td>31%</td></tr>
<tr><td>Empty</td><td>17126</td><td>93116</td><td>443%</td></tr>
</table>
</td>
</tr>
<tr>
<td>(ii).</td>
<td>However, the proposed tariff changes for foreign and coastal containers (again taken for 20' only) are-
<table>
<tr><th>For 20'</th><th>Foreig n</th><th>Coastal</th></tr>
<tr><td>Transhipment Laden</td><td>- 18%</td><td>33%</td></tr>
<tr><td>Transhipment Mty</td><td>- 22%</td><td>26%</td></tr>
</table>
</td>
</tr>
</table>

<table>
<tr><td></td><td><table><tr><td>Laden</td><td>NIL</td><td>14%</td></tr><tr><td>Mty</td><td>NIL</td><td>35%</td></tr></table>Thus, if the proposal is accepted, domestic transportation for the coastal goods will increase and may make the water mode uncompetitive over other modes. Since there is growing scope for increase in volume of coastal trade with Government's recent policy initiatives every port and terminal should explore options to sync it's initiatives with that of Government to increase use of Water mode. In other words there should have been incentives for the Coastal ships and containers. But, for any reason if the terminal is not in position to provide new initiatives, at least do not extract more money from Coastal business when the terminal business strategy do not require hike in handling charges for foreign containers.</td><td rowspan="2"></td></tr>
<tr><td>(iii).</td><td>It is very painful to note that terminal wishes to balance its overall estimated expenditure with revenue projections by taxing coastal trade and keeping foreign container trade untouched.
Therefore, INSA requests that the hike proposed for coastal trade should not be approved. INSA shall be please to provide any explanation as may be required.</td></tr>
<tr><td>4.</td><td>Indian National Shipowners' Association</td><td></td></tr>
<tr><td></td><td>INSA has reiterated its earlier comments furnished vide its email dated 27 September 2019.</td><td></td></tr>
<tr><td>5.</td><td>Cochin Steamer Agents' Association</td><td></td></tr>
<tr><td>(i).</td><td>Compared to the neighbouring ports Cochin port is having the highest Terminal Handling and Vessel Handling Charges which stand almost double or triple as compared to other</td><td>(a). Cochin volume for last five years is tabulated as per below table:<table><tr><th>Calender Year</th><th>Volume (000 TEUs)</th><th>Percentage Increase</th></tr></table></td></tr>
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<td>ports cost. And Cochin Steamer Agents' Association (CSAA) is aware that less than 10% percentage of the cargo is being transported by Water due to the high First and Last mile costs incurred for the same and in addition to this the peak Terminal Handling and Vessel Handling Charges in Cochin has lead to the Cargo Diversions to the neighbouring Ports. Past few years Cochin EXIM Trade have been witnessing the development of all the major and minor ports adjacent to them and more than 50% of their cargo has been diverted to various locations due to the high prevailing cost.</td>
<td>
<table>
<tr><td>2014</td><td>362.59</td><td>5%</td></tr>
<tr><td>2015</td><td>391.95</td><td>8%</td></tr>
<tr><td>2016</td><td>480.15</td><td>23%</td></tr>
<tr><td>2017</td><td>532.38</td><td>11%</td></tr>
<tr><td>2018</td><td>574.58</td><td>8%</td></tr>
</table>

As evident from the above table, the volumes in Cochin have been increasing yoy and it will be incorrect to mention that the cargo of Cochin has been diverted to other ports.

(b). Last mile and first mile delivery costs are not within the control of the terminal operator.

(c). Vessel related charges are not within the control of the terminal operator and are fixed by the port.
(d). IGTPL EXIM volumes have grown from 236k TEU's in CY 14 to 300k TEU's in CY 2018 with an average growth of 6% Year-on-Year.</td>
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<td>(ii).</td>
<td>CSAA are delighted to know that Central Govt. have taken measures to reduce the Logistics Costs and to promote the ocean transport by setting up the National Logistics Policy which will be implemented soon but in Cochin that step alone will not help the trade as the Terminal Handling Charges are exorbitant and no step has been taken to reduce the same.</td>
<td>(a). No tariff increase has been proposed for Exim containers in the tariff proposal for the first year despite eligibility to increase tariff by 8% under the new guidelines. Exim container tariff has been maintained at last approved rates of 01 April 2018.

(b). THC charged by the Shipping Lines to the Trade is about 20-21% higher than IGTPL Tariff.</td>
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<td>(iii).</td>
<td>Moreover, the growth of Cochin Trade is now entirely dependent on the Coastal volumes and the Export Volumes in Cochin stands negative. In order to attract more EXIM business, the SOR is a major concern here. The revision of Scale of Rates will affect our</td>
<td>(a). Regarding volumes, please refer to their comments in point (i).

(b). Regarding volumes, please refer to their comments in point (ii) above.</td>
</tr>
</table>

	trade, which is now striving hard for its existence. CSAA has requested TAMP to kindly consider their points and maintain the existing Scale of Rates in Cochin.	
6.	**Cochin Steamer Agents Association**	
(i).	During the concluding remarks in the joint hearing IGTPL had mentioned that no increase has been proposed for EXIM laden with Costal Laden movements (empty movement not reckoned).	Shipping lines when offering rates to customers calculate the overall cost of operations which includes the cost of empty that incurred to send the box back to origin. However going by the reasoning given, we have noted the concerns of the Trade.
(ii).	In this context may CSAA mention that empty movement is significant and contributes to IGTPL's volume. This is because the coastal movement into COPT is a one way trade (mostly as imports from Gujarat ports and few from other ports) but there is no return cargo (maybe only 5% or less). This being the situation the shipping lines have no option but to reposition containers as empty back to Gujarat etc. to keep the cycle moving. Earnings by the terminal for empty coastal handling in the present tariff works out to nearly 60% when compared to cost of laden coastal handling. If the proposed tariff by IGTPL is approved it will work out to 40%, hence empty movement is also important and high rates should not be charged.	
(iii).	However, IGTPL has proposed an increase of about 35% in the new tariff for empty coastal handling as compared to 15% for laden coastal handling. While the cost of laden movement is recovered by shipping line by way of THC, there is no recovery in the case of empty return. Also since empty boxes are not heavy, they are easy to handle (even in	

	double lift) and are adding to the productivity of the terminal.	
(iv).	Therefore, it is humbly requested that- (a). IGTPL must not levy such high costs in the case of empty handling. (b). Free time in storage of empty must be increased to 7days in view that unlike EXIM export containers which can be gated within a day or two due to availability of many vessels / feeders, the empties have to wait for specific vessels which have a frequency of about once in 7 days in the weekly services.	Almost all shipping lines operating coastal services have multiple vessels calling every week and the logic of empties waiting for 7 days is not correct. For better productivity, faster delivery and efficient operations a terminal should have low dwell times. Our current dwell time is 4.0 which is higher than the dwell days in other major ports which vary between 1.5 to 2 days. A terminal is a transit point and not a storage location for containers. Containers can be stored in external yards and can be brought to terminal when the vessel for which a container is planned is expected to berth for which we have already provided 3 days of free time.

2. A joint hearing in this case was held on 19 November 2019 at the COPT premises. The COPT made a brief Power Point presentationz of its proposal. At the joint hearing, the COPT, IGTPL and the concerned users/ user organizations and representative bodies have made their submissions.

(i). **<u>India Gateway Terminal Private Limited (IGTPL)</u>**
(Alpesh Adodra, CFO)

(a). Proposal is filed under the new Tariff Guidelines, 2019 issued by Ministry of Shipping applicable from 7 March 2019 for the BOT operators governed under erstwhile 2005 Tariff Guidelines. The good thing about the Guidelines is that tariff fixation is based on audited accounts and not on estimates.

(b). We have taken actual expenditure as reflected in Audited Accounts subject to certain adjustments as given in the guidelines.

(c). Since IGTPL Financial Statements are IND AS compliant, the relevant IND AS adjustments have been excluded and instead depreciation and other adjustments as per IGAAP have been included for computation of ARR in accordance with Clause 2.3.2.

(d). Annual Revenue Requirement (ARR) has been computed in accordance with Clause 2.1 of Tariff Guidelines at ₹312.35 crores as on 31 March 2019.

(e). The ARR so computed has been indexed by 4.26% as per escalation factor announced by TAMP for FY 2019-20. The Indexed ARR is computed at ₹325.66 crores.

(f). The revenue estimation at proposed SOR is ₹315.55 crores.

(g). Our revenue estimate at ₹315.54 crores is less than estimated ARR.

(h). Tariff Guidelines require review of past performance i.e. estimates vis-à-vis actuals. Hence, we have done review of part performance. Our actual traffic has been 0.39% lower than estimates and on the revenue side it is 1.78% lower than estimated level. So our actuals are closer to the estimates furnished.

(i). Our traffic has increased from 419,550 TEUs in the year 2015-16 to 594,592 TEUs in the year 2018-19. The growth is 11% which is far better than other ports including CHPT.

(j). We have invested ₹14.70 crores in the last financial year in the terminal. This includes development of new empty yard, up gradation of operating systems, new empty container handler, installation of Radiation Portal Monitor and RFID automation.

(k). We have not sought any tariff increase for foreign container. For coastal, we have proposed 14% increase. We have also re-tuned coastal tariff and now proposed it at 60% of the foreign rate.

(ii). **<u>Cochin Custom Brokers' Association (CCBA)</u>**

(a). Thought the IGTPL is termed as International Container Transhipment Terminal (ICTT), Transshipment container is miniscule.

(b). IGTPL is saying 14% increase in coastal. But, if we see for gantry crane charge, the tariff is proposed to be increased from existing 1373/- TEU to 2431/- TEU for

coastal which works out to 77%. This will divert coastal traffic to other neighboring port.
[IGTPL, CEO: Please look at the total THC rate.]

(c). We are making all the efforts to divert traffic to IGTPL from other ports/ terminals.

(d). The terminal handling charges of IGTPL are high compared to container handling charges at Chennai, Mangalore and Tuticorin Ports.

(e). We humbly request, not to increase any tariff. Instead, reduce the existing tariff.

(iii). **Cochin Steamer Agents Association (CSAA)**

(a). Majority of traffic is coastal. Already, VRC is increased by the port. Thus, further increased in THC will be difficult to bear for the trade.

(b). Coastal forms major volume in the overall traffic of the IGTPL.

(c). Maintain the prevailing rate.

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

(a). Do not increase tariff for coastal containers.

(v). **Cochin Steamer Agents Association (CSAA)**

(a). Hike in coastal rate should be contained.

(b). Expenditure do not increase with dollar rate fluctuation.

(c). Cabotage relaxation for foreign vessel has somewhat hit coastal volume.

(vi). **Cochin Custom Brokers' Association (CCBA)**

(a). IGTPL has not segregated the EXIM and coastal traffic. At IGTPL EXIM traffic has dropped and coastal container traffic has improved. More than 60% of total volume is coastal volume.

(b). If tariff for coastal container is increased to such an extent, it may be diverted to neighbouring ports. Then, it may be difficult to bring it back.

(vii). **<u>Sea Consortium</u>**

(a). Emphasis should be to reduce the tariff. Else, traffic will be diverted to neighboring ports.

(viii). **<u>PIL and also representing Container Shipping Lines Association (CSLA)</u>**

(a). We endorse views of Cochin Custom Brokers Association.

(b). Tariff at IGTPL is ₹3,000 to ₹4,000 per TEU higher than neighboring port of Chennai and Tuticorin.

(c). Maintain existing rate.

(ix). **<u>Cochin Custom Brokers' Association (CCBA)</u>**

(a). Efforts must be to find out how to reduce the cost.

(b). Reduce THC tariff atleast by 7%.

(x). **<u>Cochin Port Trust (COPT)</u>**
(FA & CAO)

(a). Port and IGTPL are facing issue on account of coastal concession policy of the Government particularly due to non re-statement of foreign exchange while arriving at the rate for coastal container. The coastal concession works out to more than 40%.

(b). The IGTPL has achieved growth rate of 11%.

(c). IGTPL is giving concession for coastal container to increase the volume. Selective discount are offered.
(Sr. Dy. TM)

(d). Whenever, we give discount on VRC, we have discussion with IGTPL.

(e). Container handling rate of IGTPL is higher. But, comparing rates of IGTPL with other major ports or terminal operator may not be correct as cost and investments are different.

(xi). **<u>Cochin Custom Brokers' Association</u>**

(a). IGTPL is giving selective discount.

(b). Request is allow discount in general to all to attract more business.
[IGTPL, CEO: If across the board reduction is given, then there is question of profitability. As competition picks, discounts can be reviewed.]

(xii). **<u>Customs</u>**

(a). Installed capacity of IGTPL is 9 lakh TEUs. But, actual traffic is around 6 lakh TEUs. Traffic and utilisation is less compared to other private terminals.

(b). Though, the rates are proposed high for few categories of coastal, there is revenue gap. This needs to be seen.

(xiii). **<u>India Gateway Terminal Private Limited (IGTPL)</u>**
(CEO)

(a). We have been able to register good growth. We thank trade for that.

(b). Based on Tariff Guidelines, we are entitled for 8% increase across the Board. But, we have not proposed this increase for foreign containers.

(c). As regards coastal container, it is not increase in tariff as such. Coastal concession as per Government policy is 40%. We have just adjusted the tariff for coastal container to bring it back at 60% of foreign rate i.e. pegged the concession at 40%.

(d). There is no difference for IGTPL for handling a foreign or coastal handling. Same efforts and costs are involved.

(e). EXIM volume laden is double the coastal laden. EXIM volume have grown 6% to 7% per annum. This has been joint effort of trade, IGTPL and port.

(f). Transhipment volume has not gone up as it was envisaged. This year there has been 50% increase which is a big improvement.

(xiv). **India Gateway Terminal Private Limited (IGTPL)**

(a). We have common objective to increase the volume. We can discuss and have volume discount.

(xv). **Cochin Custom Brokers' Association**

(a). We got coffee exports from Cochin Port with lot of efforts. Now there is no coffee exports from IGTPL. Now, it is shifted to Mangalore. Kerala is bringing coffee from Tuticorin. We have also lost cashew handling from the port.
[IGTPL, CEO: Cashew volume has dropped due to cashew industry moving out of Kerala.]

(b). Even after 10 years, IGTPL has reached 60% of the capacity. Efforts should be done to bring down the total transaction cost of IGTPL.

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