(Published in Part - III Section 4 of the Gazette of India, Extraordinary)

Tariff Authority for Major Ports

G No. 8 **New Delhi,** **5 January 2015**

NOTIFICATION

In exercise of the powers conferred by Sections 48, 49 and 50 of the Major Port Trusts Act, 1963 (38 of 1963), the Tariff Authority for Major Ports hereby disposes of the proposal received from the Kandla Port Trust for fixation of Reference tariff for Operation and Maintenance of Berths 11 and 12 in Kandla Port as Container Terminal on PPP mode on “As is where is” basis under Revised Guidelines for Determination of Tariff for Port Projects at Major Ports, 2013 as in the Order appended hereto.

(T.S. Balasubramanian)
Member (Finance)

Tariff Authority for Major Ports
Case No. TAMP/43/2014-KPT

Kandla Port Trust - - - - - **Applicant**

QUORUM:

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

O R D E R
(Passed on this 28th day of November 2014)

This case relates to the proposal received from the Kandla Port Trust (KPT) regarding fixation of tariff for Operation and Maintenance of Berth Nos.11 and 12 in Kandla Port as Container Terminal on Public Private Partnership (PPP) mode on 'As is where is' basis for a concession period of 30 years.

2. The Ministry of Shipping (MOS) under cover of its letter No.PR-14019/16/2012-PG dated 31 July 2013 has issued 'Guidelines for Determination of Tariff for Projects at Major Ports, 2013' under Section 111 of the Major Port Trusts (MPT) Act, 1963 on 31 July 2013. In compliance of the policy directives issued by the (MOS) under Section 111 of the MPT Act, 1963, the said Guidelines were notified vide Notification No.TAMP/18/2013-Misc. in the Gazette of India on 8 August 2013, vide Gazette no.214. The said Guidelines are effective from 31 July 2013. Subsequently, the MOS has issued revised Guidelines for Determination of Tariff for Projects at Major Ports, 2013 under Section 111 of the Major Port Trusts Act and made effective from 9 September 2013. The said revised guidelines were notified in the Gazette of India on 30 September 2013 vide Gazette No.254.

3.1. The KPT vide its letter dated 26 August 2014 had filed a proposal seeking approval of reference tariff for operation and maintenance of Container Terminal at Berth Nos.11 and 12 on PPP mode for a period of 30 years under Tariff Guidelines of 2013.

3.2. The proposal of KPT dated 26 August 2014 did not indicate the list of prospective bidders to be consulted on the subject proposal. Hence, the KPT was requested vide our letter dated 2 September 2014 to furnish the list of prospective bidders with their contact details.

3.3. In response, the KPT vide its letter by fax dated 9 September 2014 has intimated contact details of three bidders who attended the pre-application conference and one prospective bidder who sought clarification on RFQ, but did not participate in pre-application conference to be consulted by the KPT on the subject proposal. With reference to the fresh RFQ issued by the port, the KPT vide its letter dated 22/ 25 September 2014 has maintained list of three prospective applicants who had attended the pre-application conference as furnished by the port earlier vide its letter dated 9 September 2014.

3.4. The highlights of the proposal furnished by the KPT are summarized below:

(i). **Background of the proposal**:

(a). KPT had developed Container Terminal at its Berth Nos. 11 and 12 by entering into the License Agreement on 23 June 2006 with M/s.ABG Kandla Container Terminal Pvt. Ltd. (ABGKCTL).

(b). Subsequently, due to technical and financial defaults viz. non-achievement of back up area and non-construction of electric substation on the part of ABGKCTL, KPT had issued termination notice to ABGKCTL on 3.11.2012 with transfer date not later than dated 1.4.2013.

(c). This was followed by a Law suit filed in District Court by ABGKCTL on 21.03.2013 and further proceedings carried out in High Court of Gujarat.

(d). In pursuance to the Order of Hon'ble High Court of Gujarat, Ahmedabad dated 16.08.2013, after completion of formalities, the Container Terminal i.e. Berth Nos.11 & 12, possessed by ABGKCTL has been taken over by KPT on 27 September 2013. Arbitration proceedings are going on for the disputed matter. The KPT has thus filed a proposal for fixation of reference Tariff under 2013 guidelines following tariff guidelines of 2008.

(ii). **Justification by KPT for formulating proposal following Tariff Guidelines, 2008:**

(a). It is difficult to compare the proposed Project of Operation and Maintenance of Container Terminal at Berth Nos.11 and 12 on BOT basis at Kandla Port on 'as is where is basis' with other container terminal projects at KPT or projects at other Major Port Trusts due to vast difference in terms of Project scope, capacity, cost and project site advantages.

(b). The upfront tariffs approved for Mega Container Terminal at Jawaharlal Nehru Port Trust, Chennai Container Terminal at Chennai Port Trust and Container handling at Tuna Tekra at Kandla Port Trust are for capacity range of 2-4 million TEUs and Project Cost ranging from ₹2000 crores to ₹6000 crores. Whereas, Container Terminal of Berth Nos.11 and 12 is proposed to be operated and maintained with minimal development of support infrastructure. The project does not involve berth construction also.

(c). Since the already approved upfront tariff may not represent the proposed project, the KPT proposes to frame the proposal for fixation of Reference Tariff under 2013 guidelines following the principles of upfront tariff guidelines of 2008 which is in line with clause 2.4 of the tariff guidelines of 2013.

(iii). **Physical features:**

(a). The proposed project comprises of the development of back up infrastructure, utilities and outsourcing of the operation and maintenance activities of the Container Terminal at Berth Nos.11 and 12 (on 'as is where is basis' for a period of 30 years).

(b). The dimension of Berth Nos.11 and 12 and the maximum size of the vessel that can be accommodated at these two berths is as below:

Berth No.	Dimension	Maximum vessel size
11th Berth	264m*55.65m	65000 DWT
12th Berth	281m*54.6m	75000 DWT

(c). The KPT will provide 13 mtrs. draft in navigational channel and 14.1 m dredged depth alongside the aforementioned container berths.

(d). As far as Railway sliding for handling ICD containers is concerned, existing facilities i.e. 5 to 6 rail-tracks up to berth no. 10 are available. However, on mutual agreement, port proposes to earmark Line no. 8, which is up to Berth No.10 for handling ICD containers.

(iv). **Optimal Capacity**:

(a). The TAMP Guidelines, 2008 specifies the calculation of Optimal Capacity as 70% of the maximum number of TEUs that can be handled along the berth in an year considering the number of gantry cranes (Berth length/100) and average number of gantry cranes. This methodology for establishing the optimal capacity has not been followed by the KPT as the optimal capacity of berth has already been designated as 0.6 Million TEUs.

(b). The Optimal Yard Capacity is 70% of the maximum number of Containers (in TEUs) that could pass through the yard in a year. The total back up area for the Project is worked out as per the TAMP Guidelines, 2008 based on the designated capacity of Project which is as under:

G = Total ground slot in TEUs = 285 Slots * Hectares
H = Average Stack height= 2.5
P = Period in No. of days=365   S = Surge factor=1.3
D = Average Dwell Time= 4 days for export, 2 days for import (Considering Average dwell time= 3 days)

Hence, area to be provided for capacity of 0.6 Mn TEUs is worked out as follows:

Total Hectares = Project Capacity /((0.7*285 slots*Avg Stack Height * Period)/(surge factor * Average Dwell Time))
= 12.85 Ha (Rounded off to 15 ha.)

Hence, yard for optimal yard capacity is considered as 15 ha.

(v). **Assets for the project**:

(a). Following assets owned by the port will be handed over to the BOT operator:
(i). 4 nos. RMQC having 50T capacity (under spreader), Doosan make.
(ii). 4 nos. of RTGS having 40T capacity, Doosan Make.
(iii). 3 nos. of Reach Stackers having 40T capacity, Linde Make.

The depreciated cost of RMQC, RTGS and Reach Stackers ₹ is ₹129.63 crores plus repairing cost is ₹21.77 crores which will be borne by the successful BOT operator. This forms part of the project cost in the tariff calculation.

(b). Apart from the above, the following items shall be deployed/ constructed by the BOT operator:

(i). Procuring additional 4 nos. of RTGCs and 24 nos. of tractor trailers.
(ii). Back up area development of 15 Ha which includes activities like development of container stack yard, construction of pump house, pumps and arrangement for sourcing portable water.
(iii). Installation of 11 KV electric substation, electrical, IT and illumination systems.
(iv). Firefighting, fire hydrants and water supply lines.

(c). The following table shows the normative level of equipment as per 2008 guidelines, no. of equipments proposed by the KPT and deviations from the norms prescribed in the 2008 guidelines:

Equipment	Norm as per TAMP	Requirement as per TAMP norms	Proposed by KPT	Existing Equipments with the port	Additional number of equipments to be procured
Quay Gantry Crane (QGC)	1 for 100m berth length	5	4	4	Nil
RMGC	1 for handling 6 rakes/day	1	0	Nil	Nil

Equipment	Norm as per TAMP	Requirement as per TAMP norms	Proposed by KPT	Existing Equipments with the port	Additional number of equipments to be procured
RTGC	3 for each quay gantry crane	15	8	4	4
Reach Stacker/ Top lift truck	1 for 9 RTG	2	3	3	Nil
Tractor Trailers	6 for each QGC	30	24	Nil	24

Equipment requirement for the project has been determined based on opinions expressed by RFQ applicants. Deviations with norms of TAMP Guidelines has been proposed to rationalize the cost of investment to make the project viable.

(vi). **Capital Cost:**

The total Capital cost estimated for the project is ₹299.87 crores, as per TAMP Guidelines. Detailed breakup of capital cost comprising of civil works cost, mechanical cost, IT and other cost are as follows:

Particulars	₹ in crores
Civil Cost:	
Backup area development (including supporting assets)	64.76
Water Supply Civil Work	0.15
Total Civil Cost	**64.91**
Mechanical Equipment Cost:	
Cost of Existing equipments i.e. net value of assets of KPT to be taken over by the operator viz. 4 nos. of QGCs, 4 nos. of RTGCs and 3 nos. of Reach stacker/ Top lift truck (Upfront to KPT ₹129.63 crores + Estimated Repair cost of Equipments ₹21.77 crores)	151.40
Additional Equipments	
RTGCs (4 nos.)	43.20
Tractor Trailers (24 nos.)	5.28
Installation of Electrical Sub-Station (LS provided by CME dept.)	1.00
Firefighting	0.95
Electrical and illumination systems	1.00
Total Mechanical Equipment Cost	**202.83**
IT Systems Cost @ 10% on (₹64.91 crores + ₹202.83 crores)	26.77
Other Misc. cost @ 2% on (₹64.91 crores + ₹202.83 crores)	5.35
Total Project Cost	**299.87**

The KPT has stated that Capital cost is revised to ₹302.39 crore, as per Board Resolution dated 6 March 2014.

(vii). **Operating Cost**:

The details of the Operating Cost estimated by KPT as per TAMP guidelines of 2008 is given below:

Sl. No.	Particulars	Norm	Unit	Quantity	INR/ Unit	₹ in crores
1.	**Power and Fuel Cost:**					
(a).	Power	8	Kwh/ TEU	4800000 units	8.46	4.06
(b).	Fuel	4	Ltrs/ TEU	2400000 hrs.	63.15	15.16
	Total					
2.	**Repairs and Maintenance**					
(a).	Civil Works	1%	of gross block	72.70		0.73
(b).	Mechanical & Electrical Works	2%	of gross block	227.17		4.54

Sl. No.	Particulars	Norm	Unit	Quantity	INR/ Unit	₹ in crores
3.	**Insurance**	1%	of gross block	299.87		3.00
4.	**Depreciation**					
(a).	Civil Works	3.34%	of gross block	72.70		2.43
(b).	Mechanical & Electrical Works	10.34%	of gross block	227.17		23.49
5.	**License Fee**					
	Land Area		Sq.m.	180034	350.16	6.30
	Water Area		Sq.m.	20056	175.08	0.35
6.	**Other Expenses**	10.0%	of gross block	299.87		29.99
	TOTAL Operating Cost					**90.05**

(viii). **Annual Revenue Requirement and apportionment of revenue requirement**:

(a). The Annual Revenue Requirement (ARR) has been estimated as follows:

Particulars	₹ in crores
Return on Capital Employed (16% of ₹299.87 crores) *	47.98
Operating Cost	90.05
Total Revenue Requirement	**138.03**

[* There is mismatch in the capital employed considered for computation of return and the figure furnished as per the Board Resolution.]

(b). The estimated ARR has been apportioned to three activities as per norms prescribed in 2008 guidelines as given below:

Particulars	As per norms in %	₹ in crores
Container Handling Revenue	90%	124.22
Container Storage Revenue	7%	9.66
Miscellaneous Services	3%	4.14
Total		**138.03**

Tariff proposed in the present proposal comprises of Container Handling Charges, Storage charges and Miscellaneous service charges. Since the berth is already constructed at KPT, berth charges will be collected as per Scale of Rates of KPT prevailing from time to time.

(ix). **Formulation of Reference Tariff:**

(a). Firstly revenue for cargo handling activity has been estimated based on Reference Tariffs approved for Container Terminal at Tuna Tekra for volumes estimated for various services considering the traffic study for Container Terminal at Tuna Tekra.

(b). Revenue estimates so arrived at as mentioned above is compared to the revenue requirement arrived at for Container Handling Activity of the project proposed and a percentage correction is calculated as below:

Estimated Annual Revenue Requirement for the proposed Container Handling Activity divided by Revenue Estimated for Tuna Tekra project = Percentage of Correction.

Reference Tariffs proposed for the proposed Container Terminal project at 11th and 12th Berths = Reference Tariffs for Container Handling activities approved for Tuna Tekra multiplied by Percentage of correction factor.

(c). The above methodology is applied for fixation of Container handling charges. The similar correction percentage has been applied on the storage charges as well as miscellaneous services rates on the Reference Tariff approved for Container Terminal at Tuna Tekra.

(d). The KPT has furnished detailed draft Scale of Rates for different services related to container handling. For ease of reference, the handling charge for normal container proposed in the draft SOR is given below:

S. No.	Description	Rate per TEU (in ₹)			
		Foreign Container		Coastal Container	
		Loaded	Empty	Loaded	Empty
1.	From Ship to container yard or vice versa	2591.13	2092.84	1554.68	1255.70
2.	From container yard to Railway flat or vice versa (ICD Container Rail only)	1295.56	1295.56	1295.56	1295.56
3.	From Container yard to Truck or vice versa (direct delivery and export intake)	398.64	398.64	398.64	398.64

(x). **Performance Standards:**

The Performance Standards proposed by KPT as required under the Tariff Guidelines of 2013 are as follows:

	Performance Standards	Value/Units
1.	Gross Berth Output	25 Moves/ Crane/hour
2.	Transit Storage Dwell Time for Containers	
	Import	2 days
	Export	4 days
3.	Turnaround Time for receipt/delivery operation	
	Trailer of Containers (Single Operation)	2 hours
	Trailer of Containers (Double Operation)	4 hours
	Rake for ICD Containers (Single Operation)	6 hours
	Rake for ICD Containers (Double Operation)	12 hours

4. In accordance with the consultative procedure prescribed, the proposal of the KPT was forwarded to the concerned users/ user organisations/ prospective bidders forwarded by KPT seeking their comments. No comments are received from any users/ user organisations/ prospective bidder except one prospective bidder viz. M/s.United Liner Agencies of India (Private) Ltd. (ULAIPL). A copy of the comments received from ULAIPL was forwarded to KPT as feedback information. The KPT has, subsequent to the joint hearing, vide its letter dated 15 November 2014 responded on the comments of ULAIPL.

5.1. Subsequently, KPT vide its letter dated 4 October 2014 has furnished a revised proposal seeking approval of this Authority.

5.2. The main points made by the KPT in its letter dated 04 October 2014 forwarding revised proposal are summarized below:

(i). The Project Cost has been increased from ₹299.87 crores to ₹315.14 crores due to the following:

(a). The upfront premium was inadvertently mentioned as ₹151.41 crores considering the fair asset value of ₹129.6 crores and repairing cost of ₹20.79 crores. The upfront premium has been refixed at ₹143.63 crores considering the fair asset value only.

(b). Repairing cost of four nos. of RMQCs, 4 nos. of RTGs and 4 nos. of Reach Stackers (3 nos. in fair condition and one no. in poor condition as the same is in dismantled condition) is ₹20.34 crores and repairing cost of 15/14 prime movers/trailers at ₹0.45 crores are not considered in the upfront premium.

(c). Increase of ₹3.91 crores in the capital cost due to development of additional land area of 3.2 hectares for pre stacking of ICD containers for loading/unloading to /from racks along the railway slidings (on request demanded by prospective bidders in pre-application conference).

(d). Due to change in the number of additional assets to be procured by the concessionaire i.e. cost of 24 numbers of tractor trailers has been reduced to 9 numbers, cost has been reduced by ₹3.30 crores.

(ii). The following table shows the normative level of equipment as per 2008 guidelines, no. of equipments proposed by the KPT in the revised proposal and deviations from the norms prescribed in the 2008 guidelines:

Equipment	Norm as per TAMP	Requirement as per TAMP norms	Proposed by KPT	Existing Equipments with the port	Additional number of equipments to be procured
Quay Gantry Crane	1 for 100m berth length	5	4	4	Nil
RMGC	1 for handling 6 rakes/day	1	0	Nil	Nil
RTGC	3 for each quay gantry crane	15	8	4	4
Reach Stacker/Top lift truck	1 for 9 RTG	2	3	4	Nil
Tractor Trailers	6 for each QGC	30	24	15	9

Equipment requirement for the project has been determined based on opinions expressed by RFQ applicants in the Pre-application conference. Deviations with norms of TAMP Guidelines has been proposed to rationalize the cost of investment to make the project viable.

(iii). The Capital cost estimated in the revised proposal at ₹315.14 crores is given below:

Particulars	₹ in crores
Civil Cost:	
Backup area development (including supporting assets)	64.76
Water Supply Civil Work	0.15
Development of Land area along the rail siding	3.91
Total Civil Cost	**68.83**
Mechanical Equipment Cost:	
Cost of net asset value of Existing equipments taken over from KPT viz. 4 nos. of QGCs, 4 nos. of RTGCs, 3 Reach Stackers + 1 Reach Stacker in port dismantled condition and 9 nos. of tractor trailers (Upfront to KPT ₹143.63 crores + Estimated Repair cost of Equipments ₹20.34 crores = ₹163.97 crores) Plus (Repair cost of Tractor Trailers = ₹0.45 crores)	164.42
Installation of Electrical Sub-Station (LS provided by CME dept.)	1.00
Firefighting	0.95
Electrical and illumination systems	1.00
Additional Equipments	
RTGCs (4 nos.)	43.20
Tractor Trailers (9 nos.)	1.98
Total Mechanical Equipment cost	**212.55**
Total Civil and Mechanical Equipment Cost Estimates	**281.38**

IT Systems Cost @ 2% (₹68.83 crores + ₹212.55 crores)	5.63
Other Misc. cost @ 10% (₹68.83 crores + ₹212.55 crores)	28.14
Total Project Cost	**315.14**

(iv). The revised Operating Cost estimated by KPT is as given below:

Sl. No.	Particulars	Value	Unit	Quantity	INR/Unit	₹ in crores
1.	**Power and Fuel Cost:**					
(a).	Power	8	Kwh/TEU	4800000	8.46	4.06
(b).	Fuel	4	Ltrs/TEU	2400000	63.15	15.16
	Total					
2.	**Repairs and Maintenance**					
(a).	Civil Works	1%	of gross block	77.09		0.77
(b).	Mechanical & Electrical Works	2%	of gross block	238.05		4.76
3.	**Insurance**	1%	of gross block	315.14		3.15
4.	**Depreciation**					
(a).	Civil Works	3.34%	of gross block	77.09		2.57
(b).	Mechanical & Electrical Works	10.34%	of gross block	238.05		24.61
5.	**License Fee**					
	Land Area		Sq.m.	212034	350.16	7.42
	Water Area		Sq.m.	20056	175.08	0.35
6.	**Other Expenses**	10.0%	of gross block	315.14		31.51
	TOTAL Operating Cost					**94.38**

(v). The revised annual revenue requirement estimated by KPT is as given below:

Particulars	₹ in crores
Operating Cost	94.38
Return on Capital Employed (16% of Capital Cost)	50.42
Total Revenue Requirement	**144.80**

(vi). The revised revenue requirement is apportioned to the three activities as per the norms prescribed in 2008 guidelines as given below:

Particulars	Norms in %	₹ in crores
Container Handling Revenue	90%	130.32
Container Storage Revenue	7%	10.14
Miscellaneous Services	3%	4.34
Total		**144.80**

(vii). In view the above modifications, the estimate of ARR has been increased from ₹138.03 crores in the original proposal to ₹144.80 crores in the revised proposal.

(viii). The approach adopted by the KPT to arrive at the Reference Tariff is based on the Reference Tariff approved at Tuna Tekra Container Terminal as explained in the original proposal brought out earlier. The percentage of correction factor is arrived at 72.35% in the revised proposal instead of 69% in the original proposal. The KPT has furnished detailed revised draft Scale of Rates along with revised proposal. As an example for reference, the comparison between the handling charges for the normal container proposed in the draft SOR of original proposal dated 26 August 2014 and revised proposal dated 04 October 2014 is given below:

S. No.	Description	Original proposal dated 26 August 2014				Revised proposal dated 04 October 2014			
		Rate per TEU (in ₹)				Rate per TEU (in ₹)			
		Foreign Container		Coastal Container		Foreign Container		Coastal Container	
		Loaded	Empty	Loaded	Empty	Loaded	Empty	Loaded	Empty
1.	From Ship to container yard or vice versa	2591.13	2092.84	1554.68	1255.70	2718.35	2195.59	1631.02	1317.36
2.	From container yard to Railway flat or vice versa (ICD Container Rail only)	1295.56	1295.56	1295.56	1295.56	1359.18	1359.18	1359.18	1359.18
3.	From Container yard to Truck or vice versa (direct delivery and export intake)	398.64	398.64	398.64	398.64	418.21	418.21	418.21	418.21

(ix). The Performance Standards proposed are same as proposed in the original proposal.

5.3. The KPT has stated that the revised proposal dated 4 October 2014 will be ratified by the Board in ensuing Board Meeting and after approval, copy of minutes will be sent. [Subsequently, the KPT furnished relevant minutes of the Board Meeting.]

6. Since the revised proposal of KPT dated 4 October 2014 envisaged change in the estimate of Capital cost, Operating Cost, estimated ARR and the proposed tariff, the said revised proposal of KPT was circulated to the users/ prospective bidders seeking their comments. No comments are received from any users/ user organisations/ prospective bidders except one i.e. M/s.ULAIPL. A copy of the comments received from ULAIPL on the revised proposal was forwarded to KPT as feedback information. The KPT has, subsequent to the joint hearing, vide its letter dated 19 November 2014 responded on the comments made by ULAIPL dated 30 October 2014.

7. Based on the preliminary scrutiny of the revised proposal, the KPT was requested vide our letter dated 5 November 2014 to furnish additional information/ clarifications on some points. The KPT has subsequent to the joint hearing vide its letter dated 15 November 2014 furnished its reply on queries raised. Summary of queries raised by us and the response of the KPT is brought out in the subsequent part of the Order.

8. A joint hearing in this case was held on 10 November 2014 at the KPT premises. The KPT made a powerpoint presentation of its proposal. At the joint hearing, the KPT and the concerned users/ organisation bodies have made their submissions.

9.1. As agreed at the joint hearing, the KPT vide our letter dated 12 November 2014 was requested to take action on the following points arising out of joint hearing proceedings:

(i). Relook at the proposal with reference to the vital issues raised at the joint hearing by one of the prospective bidders viz. M/s.ULAIPL relating to capex, operating cost estimated by the KPT and Performance Standards and furnish revised proposal within three days' time i.e. by 13 November 2014 as agreed by the KPT at the joint hearing. A list of vital issues raised by M/s.ULAIPL at the joint hearing was forwarded to KPT.

(ii). Expedite furnishing response to our questionnaire dated 5 November 2014 within the stipulated date i.e. 14 November 2014.

(iii). Furnish point-wise comments on the comments of M/s.ULAIPL, a copy of which was already forwarded to KPT for their comments vide our letters dated 1 October 2014 and 30 October 2014.

9.2. After the joint hearing, Kandla Port Steamship Agents Association (KPSAA) has furnished their comments on the subject proposal. The comments of KPSAA was forwarded to KPT as feedback information requesting the KPT to furnish its views on the comments made by KPSAA immediately. The KPT vide its letter dated 19 November 2014 has furnished its views on the comments made by KPSAA.

10. With reference to point of action decided at the joint hearing brought out in para 9.1.(i) above, the KPT vide its letter dated 15 November 2014 has furnished its comments on the vital issues raised by M/s.ULAIPL at the joint hearing.

11. With reference to point of action decided at the joint hearing brought out in para 9.1.(ii) above, the KPT vide its letter dated 15 November 2014 and e-mail dated 25 November 2014 has furnished its response to the queries raised by us vide our letter dated 5 November 2014. The summary of the queries raised by us and reply furnished by the port is tabulated below:

<table>
<tr><th>Sl. No.</th><th>Queries raised by us</th><th>Reply furnished by KPT</th></tr>
<tr><td>I.</td><td>General:</td><td></td></tr>
<tr><td>(i).</td><td>As mentioned by the KPT in its covering letter dated 26 August 2014, the KPT to furnish a copy of the Minutes of the Board Meeting held on 12 August 2014, approving the subject proposal. The KPT to furnish the copy of the Minutes of the Board Meeting approving the revised proposal.</td><td>The relevant minutes of the board meeting approving the Proposal for the subject project are furnished.</td></tr>
<tr><td>(ii).</td><td>The KPT to furnish details of the total area of land proposed to be allotted to the prospective BOT operator and the allocation of the said total area to varied allied activities. It may also be confirmed that the allocation of land to varied allied activities is as per the approved land use plan of the port.</td><td>The break-up of Land Area to be allotted is given below:
<table>
<tr><th>Particulars</th><th>Area</th></tr>
<tr><td>Total Area of Berths</td><td>3 Ha</td></tr>
<tr><td>Total Area for Back up</td><td>15 Ha</td></tr>
<tr><td>Land alongside Rail line</td><td>3.2 Ha</td></tr>
<tr><td>Total Land Area</td><td>21.2 Ha</td></tr>
</table></td></tr>
<tr><td>(B).</td><td><u>Optimal Capacity</u>:</td><td></td></tr>
<tr><td>(i).</td><td>The KPT in its proposal has repeatedly made a mention that the capacity of the Project (Berth no. 11 and 12) is already designated at 0.6 million TEUs. In this connection, the KPT to furnish the basis alongwith workings to arrive at the designated capacity of the project at 0.6 million TEUs.</td><td>The working of Optimal Capacity as per the TAMP Norms has been submitted with required reduction in the Average Moves/Hour/Crane. 20 Moves per hour/crane are considered since Cranes are old and some of them are with lower capacity (i.e. less than that is required for handling Panamax vessel. Moreover, these cranes are also now idle for one year or so). The optimal quay capacity assessed in the revised proposal is as given below:
<table>
<tr><th>Optimal Capacity Parameters</th><th>Values</th><th></th></tr>
<tr><td>Nos. of Cranes</td><td>4</td><td>Nos.</td></tr>
<tr><td>Hours</td><td>8760</td><td>365 days x 24 hours</td></tr>
<tr><td>Moves per Hour per Crane</td><td>20.00</td><td>Moves/ Hour/ Crane</td></tr>
<tr><td>TEU Ratio</td><td>1.3</td><td>As per norms</td></tr>
<tr><td>Optimal Factor</td><td>70%</td><td>As per norms</td></tr>
<tr><td>Optimal Quay Capacity</td><td>637728</td><td></td></tr>
<tr><td>Say</td><td>600000</td><td>TEUs</td></tr>
</table></td></tr>
<tr><td>(ii).</td><td>The KPT in its proposal has also stated that though the 2008 Guidelines specifies certain norms for determining the equipment requirement, there are deviations in its proposal with regard to the proposed number of equipment. This has been attributed to the high costs of the equipment affecting the viability of the project and is also reported to be based on the opinions expressed by the RFQ applicants in the first Pre-Applications Conference. Thus, the number of Quay Cranes, which forms the crux for determining the quay</td><td>Bidding Documents may be provided with condition that in case the BOT Operator deploys the additional RMQC, the tariffs shall be subject to revision due to increase in the capacity.</td></tr>
</table>

	capacity of a container terminal, has been considered at 4. However, considering the berth length of 545 metres available to the BOT operator and based on norms prescribed in this regard in the 2008 Guidelines, deployment of more than 4 no. of Quay Cranes by the BOT operator at the berths cannot be ruled out considering the long horizon of the project for 30 years. In this backdrop, the KPT to clarify as to how the port envisages to ensure that the operator will not in future deploy more than 4 no. of Quay cranes at the two berths which may allow the operator to make windfall gain during the project period.	
(iii).	Based on the norms prescribed in the 2008 upfront guidelines for a container terminal and considering the deployment of 4 no. of Quay cranes as proposed to be deployed at the facility, the optimal quay capacity of the facility works out to about 0.8 million TEUs per annum (i.e. 25 moves/ hour x 4 RMQCs x 365 days x 24 hours x 70% x 1.3 = 7,97,160), as against the designated 0.6 million TEUs. Further, following the norms prescribed in the 2008 guidelines, for total berth length of 545 metres, if 5 quay cranes are deployed, the quay capacity of the facility would be around 1 million TEUs (i.e. 25 moves/hour x 365 days x 24 hours x 5 RMQCs x 70% x 1.3=9,96,450). The proposal of KPT for deployment of 4 existing quay cranes and assessing the designated capacity at 0.6 million TEUs as against optimal quay capacity for 545 mtrs. length assessed at 1 million TEUs based on the norms prescribed in the guidelines will lead to underutilization the berthing facility which is a scarce resource of the port. In the light of the above observation and recognizing that the project period is for a long horizon of 30 years, the KPT to relook and explore the possibility to scale up the optimal quay capacity following the norms prescribed in the 2008 guidelines for the proposed facility.	Please refer the reply to above (B)(i).
(iv).	Based on the position that the quay capacity of the facility is about 0.6 million TEUs, the KPT has assessed the land area requirement for the facility proposed to be allotted to the prospective BOT operator. While doing so, by adopting the other parameters as per the norms prescribed for calculation	

	of optimal yard capacity for a container terminal in the 2008 upfront guidelines and considering 285 ground slots in TEUs per hectare, the KPT has arrived at the area requirement at 12.85 hectares, which has been rounded off to 15 hectares. In this connection, the KPT to clarify/ furnish the following:	
(a).	While calculating the average number of ground slots in the case of upfront tariff fixation for the container terminal at New Mangalore Port Trust (NMPT) vide Order dated 30 December 2009, ground slots of 360 TEUs per hectare was considered which was based on the analysis of the NMPT with reference to the area occupied by a container and additional area required for movement of container handling equipment, space between containers etc. The same number of ground slots of 360 TEUs per hectare has been considered while fixing upfront tariff for the Mega Container terminal at Chennai Port Trust (CHPT). Thus, the KPT should rework the area requirement based on the ground slots of 360 TEUs per hectare. While doing so, the KPT to ensure that there is no wide gap between the revised optimal yard capacity (to be assessed) and the revised optimal quay (to be determined) by the KPT as suggested in the preceding query.	Proposed Container yard area has been derived based on the norm of 285 TEUs per Ha considering the approved tariff order for Container Handling Facility at JNPT. The same has been followed in case of Tuna Tekra Container Terminal Proposal also which has been endorsed by Zebec Marine Consultants, a Technical Consultant of Mumbai. Thus, the same is justified.
(b).	Explain the reason for rounding off the area requirement to 15 hectares.	(i). Though the area requirement as per TAMP norms is 12.85 hectares, however, during the Pre-Application Conference, the need of minimum 15 ha of area was expressed by the prospective bidders and it was decided in consultation with KPT about the sufficient area requirement of 15 ha. (ii). The KPT has subsequent vide e-mail dated 25 November 2014 further clarified that 12.85 hectares has been worked out considering optimal capacity of 600000 TEUs based on the formula of TAMP guidelines 2008. However, the same has been rounded off to 15 hectares, considering the requirement of support and other auxiliary facilities for the container yard. (iii). Dwell time of 3 days has been considered based on the assumption that import and export shall be of equal share.
(C).	**<u>Capital cost</u>:**	
(i).	The KPT has furnished the Rate Analysis in respect of some of the capital cost elements like QCC paving, construction of piles beams, office building, etc. However, for few other items like Construction of piles, barbed	Supporting Rate Analysis has been annexed with the revised proposal.

	wire fencing, drainage construction, construction of culvert etc. capital cost estimate is not supported with any rate analysis. Hence, furnish the rate analysis, based on which it has adopted the rates in the capital cost estimation of the above listed items.	
(ii). (a).	The 2008 guidelines prescribe norm of 1 number RMQC for handling 6 rakes/ day. Though the KPT has proposed tariff for handling ICD containers by rail, it has not proposed any RMQC for the proposed facility. The KPT to explain the reasons for deviating from the said norms. Also, indicate the equipment proposed to be deployed for handling ICD containers (Rail).	For handling ICD containers, Reach Stacker shall be used, instead of RMGC. 2 Reach Stackers has been proposed for handling ICD containers and 2 Nos. would be used within container yard.
(b).	As per the norms prescribed in the 2008 guidelines- for 4 Quay Gantry Cranes proposed by KPT in the subject proposal, the number of RTGCs comes to 12 nos. and reach stackers at 2 nos. As against that the KPT has proposed deployment of total 8 RTGCs and 3 reach stackers. The KPT to explain the reasons for deviation from the norms prescribed in the guidelines in respect of these equipments.	Deviation from the TAMP Norms for providing equipments has been explained in the proposal itself as reproduced below: *"Equipment requirement for the Project has been determined based on opinions expressed by RFQ applicants in the Pre-Application Conference. Deviations with norms of TAMP Guidelines has been proposed to rationalize the cost of investment to make the project viable."*
(iii).	Explain the basis for considering contingencies @ 3% and establishment charges @ 2%, in the estimation of civil capital costs.	Consideration of contingencies and establishment charges has been followed as per the standard civil cost estimation practice.
(iv).	It is seen that in the estimation of civil capital costs, the KPT has considered the escalation factor @ 5% twice. Explain the reasons for applying the escalation factor of 5% twice for estimation of civil works.	Estimation of Civil Capital Cost, escalation factor of 5% has been considered only once, not twice. It has been taken due to the estimated cost was as of 2013. Hence, to arrive at the rates of 2014, 5% escalation has been applied for once only.
(v).	The KPT has considered ₹164.42 crores towards cost of existing equipment in the total capital cost estimation, which is seen to be sum of the payment to be made by the operator to KPT towards the value of existing assets to be taken over by the BOT operator to the tune of ₹143.63 crores and estimated repair cost to be incurred by the BOT operator to the tune of ₹20.34 crores for the equipment and ₹0.45 crores for tractor trailers. In this connection, the KPT to furnish the following:	
(a).	The first page of the proposal states ₹143.63 crores is the fair asset value whereas the page 6 of the Annex-II – "Reference tariff proposal" states that it is the depreciated value of assets. Clarify the correct position and the period to which this asset valuation pertains to.	₹143.63 Crores is the fair asset value arrived at by a Government approved Valuer appointed by KPT.

(b).	Furnish copy of the report of the asset valuation carried out by the port, in support of the amount of ₹143.63 crores.	The copy of the report is furnished.
(c).	Furnish the present written down value in respect of each of the above assets in the books of accounts of KPT.	The assets which are proposed to be handed over to the operators are taken over from ABGKCTL. The same is not accounted in the books of account since the matter is under arbitration.
(d).	Furnish documentary evidence in support of the estimated cost of repairs to the tune of ₹20.34 crores in respect of Quay Cranes, RTGCs, Reach Stackers and ₹0.45 crores in respect of tractor trailers.	The details are attached as required.
(vi).	KPT to furnish documentary evidence in form of quotations, etc., in support of the cost of additional equipment to be procured viz., RTGCs, Tractor Trailers, Fire Fighting and Electrical illumination, along with workings to arrive at the capital cost of each of the component as listed above.	The additional equipments have been considered at the cost estimated in case of Tuna Tekra Container Terminal. Quotations are being submitted in due course of time.
(vii).	Given that the KPT is advised to review its capacity calculations and equipment profile, consequently the capital cost estimations may also be reviewed by the KPT so as to take into account the cost of additional equipment, if any, proposed to be deployed by the KPT supported with required in the workings.	Noted.
(viii).	Confirm the estimation of capital cost reflects the current market rate and it pertains to the year 2014.	It is confirmed that the estimation of capital cost is based on the prevailing market rates pertaining to the year 2014.
(D).	**<u>Operating cost</u>:**	
(i).	Furnish a copy of the latest Electricity bill in support of the unit cost of power considered at ₹8.46 in this regard.	Documentary evidence in support of the rate taken for Electricity Consumption is furnished. Rate has been reset now to ₹9.49/ kwh in the revised proposal.
(ii).	Calculate the amount of depreciation in line with the provisions of the Companies Act, 2013.	Depreciation rates have been taken in line with Companies Act 2013 considering the life span of the assets. Particularly in case of mechanical equipments to be handed over to the operator, the remaining asset life of around 10 year has been considered to arrive at depreciation amount based on the value at which these equipments are to be handed over.
(iii). (a).	In the proposal, the KPT has stated that land for back up area is 15 hectares i.e. 1,50,000 sq. mtrs. Further, an area of about 3.2 hectares i.e. 32,000 sq. mtrs., along the railway siding is proposed to be handed over to the prospective BOT operator, thereby aggregating to about 18.2 hectares of land. However, the estimation of licence fee takes into account an area of 212034 sq. mtrs. Explain the reasons for considering an area of 21.20 hectares as against 18 hectares for estimating the licence fee.	Land area for License Fee has been calculated including 15 ha container yard, 3.2 Ha along rail siding and 3 Ha of area of two berths i.e. 11th and 12th. Hence, the License Fee has been charged for 21.2 Ha.

(b).	The KPT has estimated licence fee for waterfront area at 20,056 sq.m. in the estimation of operating cost. This area appears to be in addition to the area of 21.20 hectares considered for estimation of licence fee in the estimation of operating cost, which may be confirmed. Explain the basis for considering waterfront area of 20,056 sq. mtr.	License Fee on water area is removed since the berth hire charges are to be collected by KPT.
(c).	Confirm whether the unit rate adopted for estimating the licence fee is based on the prevailing rates prescribed in the Schedule of Rates (SoR) for Kandla lands. Also, give the reference of the unit rate adopted from the prevailing SoR along with the applicable escalation factor applied to arrive at the unit rate of ₹350.16 per sq. mtrs. for land area and ₹175.08 per sq. mtrs. for water area.	The rate of License Fee for Land as per the SOR for land within dock area is observed at ₹180.60 / square meter per annum as on January 2009. With escalation till 2014, this rate comes to ₹199.40/Sqm/Annum. Accordingly, License Fee for water area based on aforesaid rate comes to ₹99.70/Sqm/Annum. However, the Board of KPT has approved to revise the lease rent for aforesaid land to ₹350.16/Sqm/Annum and the proposal has already been sent to TAMP. Accordingly, in view of the above, the lease rate proposed in the revised proposal has been considered.
(d).	The KPT has filed a separate proposal for revision of lease rent of Kandla lands. The KPT may, therefore, indicate the estimate of licence fee based on the proposal filed by it for revision of lease rent of Kandla lands supported with detailed computation. Also, give the reference of the proposed rate considered in the estimation of license fee.	Please refer the reply above.
(E).	**<u>Revenue Requirement and proposed tariff</u>**:	
(i).	The KPT to furnish the workings relating to arriving at the proposed Scale of Rates, from the estimated revenue requirement, in the soft form, for our perusal.	The Excel Spreadsheet with calculation for tariffs is sent by e-mail.
(ii). (a).	The KPT is stated to have relied upon the traffic study i.e. cargo mix carried out for the Container terminal at Tuna Tekra, to arrive at its proposed Scale of Rates. In this connection, the KPT to confirm whether the container traffic profile/ cargo mix considered in the past for the Tuna Tekra project, would be representative enough for the proposed project of KPT.	Cargo mix in terms of loaded vs. empty, foreign vs. coastal and share of rail borne cargo has been followed based on the past traffic data of 11^{th} and 12^{th} Berths itself. However, the mix of normal, hazardous, reefer and ODC containers has been followed based on the data available in the study of Container Terminal at Tuna Tekra. Though the same may not be similar to what is expected in the proposed project, in view of non-availability of such data in case of container terminal of 11^{th} and 12^{th} berth, the data for Tuna Tekra proposal has been relied upon.
(b).	The KPT to clarify the reasons for not considering the container traffic profile handled by the BOT operator viz. ABGKCTL who were operating at this container terminal until the KPT took over the operation from them.	As mentioned in above reply, the traffic profile in terms of loaded vs. empty, foreign vs. coastal and share of rail borne cargo has been followed based on the past traffic data of 11^{th} and 12^{th} Berths operated by ABGKCTL.
(iii).	The correction factor of 69% arrived by the KPT based on the comparison of the handling charges at Tuna Tekra has	Storage charges and miscellaneous charges may be derived based on the correction factor separately worked out for the purpose of these services.

	been applied to arrive at the Scale of Rates relating to the apportioned handling income but also to derive the storage charges and miscellaneous charges. In this regard, the KPT to clarify as to how the correction factor arrived based on the handling income can be applied to derive the storage charges and miscellaneous charges from their respective apportioned revenue requirement.	However, the same is not possible due to non availability of data of volume of containers for storage services and miscellaneous services. Storage services would range from huge number of days intervals and for various types of containers i.e. ICD, CFS, Export, Import, etc. Moreover, miscellaneous services would also be of very diverse nature which may include various units of charging these services like power consumption, document numbers, number of containers, hatch cover numbers, etc. Hence, it is not possible to estimates these activities of miscellaneous services as well as the pattern of storage services. So, in view of this, due to small impact on overall revenue requirement, the correction factor of handling charges has been applied for storage and miscellaneous services also.
(F).	**Performance Standards:**	
	The KPT to propose conditionalities governing the prescription of Performance Standards.	Conditionalities of Performance Standards would be incorporated in the Concession Agreement for the project based on the Appendix 16 of the Model Concession Agreement (MCA) which defines the modalities and conditionalities regarding this. Moreover, in case of proposal for Container Terminal at Tuna Tekra also, the Performance Standards have been approved without conditionalities which are to be followed as per the Concession Agreement to be framed based on MCA.

12. With reference to point of action decided at the joint hearing brought out in para 9.1.(iii) above, KPT vide its letter dated 19 November 2014 has furnished its comments on the comments of M/s.ULAIPL.

13. Subsequently, the KPT undercover of its letter dated 15 November 2014 has submitted further revised tariff proposal (referred as "second revised proposal") and proposed Scale of Rates. The main modifications made by the KPT in the second revised proposal dated 15 November 2014 are given below:

(i). **Physical features:**

(a). The dimension of the Berth Nos.11 and 12 has been interchanged as given below:

Component	Original proposal dated 26.8.2014 and first revised proposal dated 4.10.2014	Second revised proposal dated 15.11.2014
	Dimension	
11^{th} Berth	264m*55.65m	281m*54.6m
12^{th} Berth	281m*54.6m	264m*55.65m

(b). The KPT has elaborated that as far as Railway siding for handling ICD containers is concerned, existing railway sidings available behind the backup area of 11^{th} and 12^{th} Berth shall be dedicated by the Port for the Project. Along this siding, a developed land area of 3.2 Ha (i.e. 800 m x 40 m) shall be provided to the Concessionaire for pre-stacking of ICD container for loading/unloading to/from the rakes. This area is apart from the 15 Ha of container stack yard considered behind the 11^{th} and 12^{th} Berths. Moreover, the total area of the berths is 3 Ha. Hence, the total land area would be 21.2 Ha.

(ii). There is no change in optimal capacity, capital cost of project and the equipment profile for the proposed project.

(iii). As regards operating cost, the KPT has made the following main modifications:

(a). The unit rate of power is updated to ₹9.49/ unit as against ₹8.46/ unit considered in the first revised proposal.

(b). For estimating the repairs and maintenance cost on equipment apart from estimating it at 2% on the Equipment cost, the KPT has also considered repairs and maintenance on 2% of ₹74.35 crores being the difference in the gross value (replacement value) of equipment to be handed over by KPT and fair value of assets considered in the capex as assessed by the Consultant. The details furnished by KPT in this regard is as below:

Particulars	₹ in crores	₹ in crores	Remarks
Replacement Cost of the Assets to be handed over	₹217.98	₹207.60	Considering Replacement Cost of Mechanical Works based on Mukesh Shah's Report for ABG Assets and RTGCs, RS, TTs based on Tuna Tekra Proposal – Feasibility Report prepared by Zebec Marine Consultants, Mumbai. Replacement cost is as on 2013. Hence, 5% general WPI escalation is given.
Net Value (Fair value of asset)	143.63	--	
Difference	74.35	--	

(c). The repairs and maintenance cost and depreciation on IT is captured separately at 2% and 16.21% of capex cost of IT as against the earlier approach where it was merged with mechanical equipment cost for estimating these two cost items.

(d). License fee on water area estimated earlier is now excluded.

(e). Accordingly, the operating cost estimated by KPT in the second revised proposal is as given below:

Sl. No.	Particulars	Value	Per Qty	Quantity	INR/ Unit	₹ in crores
1.	**Power and Fuel Cost:**					
(a).	Power	8	Kwh/ TEU	4800000	9.49	4.56
(b).	Fuel	4	Ltrs/ TEU	2400000	63.15	15.16
2.	**Repairs and Maintenance**					
(a).	Civil Works	1%	of gross block	₹75.71 crores		0.76
(b).	Mechanical & Electrical Works	2%	of gross block	₹308.15 crores *		6.16
(c).	IT	2%	of gross block	₹5.63 crores		0.11
3.	**Insurance**	1%	of gross block	₹315.14 crores		3.15
4.	**Depreciation**					
(a).	Civil Works	3.34%	of gross block	₹75.71 crores		2.53
(b).	Mechanical & Electrical Works	10.34%	of gross block	₹233.80 crores		24.18
(c).	IT	16.21%	of gross block	₹5.63 crores		0.91
5.	**License Fee**					
	Land Area		Sq.m.	212034	350.16	7.42
6.	**Other Expenses**	10.0%	of gross block	₹315.14 crores		31.51
	TOTAL Operating Cost					**96.45**

[₹308.15 crores includes ₹74.35 crores being the difference in replacement cost of asset and fair asset value of equipments to be handed over by KPT as assessed by the Consultant.]*

(iv). The revised ARR estimated by KPT is as given below:

Particulars	₹ in crores
Operating Cost	96.45
Return on Capital Employed (16% of ₹315.14 crores)	50.42
Total Annual Revenue Requirement	**146.87**

(v). The revised ARR is apportioned to three activities as given below:

Particulars		₹ in crores
Container Handling Revenue	90%	132.19
Container Storage Revenue	7%	10.28
Miscellaneous Services	3%	4.41
Total	**100%**	**146.88 ***

[The KPT has shown total as ₹132.19 crores which is arithmetically not correct and hence corrected.]*

(vi). The KPT has furnished detailed draft Scale of Rates for different services related to container handling along with its further revised proposal. As an example for reference, the comparison between the handling charges for the normal container proposed in the draft SOR of the first revised proposal dated 4 October 2014 and second revised proposal dated 15 November 2014 is given below:

Sl. No.	Description	Revised proposal dated 4 October 2014				Further revised proposal dated 15 November 2014			
		Rate per TEU (in ₹)				Rate per TEU (in ₹)			
		Foreign Container		Coastal Container		Foreign Container		Coastal Container	
		Loaded	Empty	Loaded	Empty	Loaded	Empty	Loaded	Empty
1.	From Ship to container yard or vice versa	2718.35	2195.59	1631.02	1317.36	2757.22	2226.99	1654.34	1336.19
2.	From container yard to Railway flat or vice versa (ICD Container Rail only)	1359.18	1359.18	1359.18	1359.18	1378.61	1378.61	1378.61	1378.61
3.	From Container yard to Truck or vice versa (direct delivery and export intake)	418.21	418.21	418.21	418.21	424.19	424.19	424.19	424.19

(vii). The Performance Standard in respect of Gross Berth Output is reduced from 25 to 20 moves/ crane/ hour. The Performance Standards furnished by KPT in the second revised proposal are as follows:

	Performance Standards	Value/Units
1.	Gross Berth Output	20 Moves/ Crane/hour
2.	Transit Storage Dwell Time for Containers	
	Import	2 days
	Export	4 days
3.	Turnaround Time for receipt/ delivery operation	
	Trailer of Containers (Single Operation)	2 hours
	Trailer of Containers (Double Operation)	4 hours
	Rake for ICD Containers (Single Operation)	6 hours
	Rake for ICD Containers (Double Operation)	12 hours

14. 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.

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

(i). The proposal of the Kandla Port Trust (KPT) is to fix reference tariff for Operation and Maintenance of Berth Nos.11 and 12 in Kandla Port as Container Terminal on Public Private Partnership (PPP) mode on 'As is where is' basis for a concession period of 30 years under Public Private Partnership (PPP) mode.

(ii). Before proceeding ahead with the analysis of this case, it is relevant to state that the current proposal filed by the KPT is for fixation of Reference Tariff of a Container Terminal at berth nos.11 and 12 which has been reportedly taken over by the KPT from the then operator ABG Kandla Container Terminal Limited (ABGKCTL) on 27 September 2013 in pursuance to the Order of Hon'ble High Court of Gujarat, Ahmedabad dated 16.08.2013 permitting the KPT to take over the possession of the terminal/ license premises from ABGKCTL subject to fulfillment of financial obligation. The KPT has reported to have complied with the direction of the Hon'ble High Court and has taken over the Container Terminal from the then BOT operator ABG Kandla Container Terminal Limited. The port after taking over the berth nos.11 and 12 proposes to rebid the project for a period of 30 years on BOT basis under PPP mode. It is in this context, the port has sought reference tariff under the applicable guidelines of 2013. This Authority has nothing to do with reference to pending arbitration process reported by the KPT on the matter of dispute between the ABGKCTL and KPT arising out of the License Agreement dated 23 June 2006 mainly relating to terminal dues.

Since the proposal filed by the KPT seeks reference tariff under 2013 guidelines, this Authority under the statute is mandated to determine and notify the reference tariff for the proposed project. This Authority, therefore, decides to proceed ahead on the proposal filed by the KPT for fixation of reference tariff for Container Terminal at Berth Nos.11 and 12 on 'As is where is' basis filed under the Revised Guidelines of 2013 issued by the Ministry of Shipping.

(iii). Clause 2.4 of the said guidelines stipulates that if in the view of the Major Port Trust, the tariff determined for a particular commodity under 2008 guidelines at that Major Port Trust or any other Major Port Trust is not a representative Reference Tariff for that commodity, then the Major Port is free to approach this Authority with a proposal to fix Reference Tariff under 2008 guidelines for the project giving detailed and sufficient justification.

The KPT has clarified that the project involves operation and maintenance of already constructed terminal with some up gradation in the facilities. The KPT has emphatically stated that this project is neither comparable to Tuna Tekra Container Terminal at its own port nor is it comparable to the Container Terminal at Jawaharlal Nehru Port Trust (JNPT). The KPT has submitted that upfront tariff approved by this Authority for Container Terminal at the JNPT, Container Terminal at Chennai Port Trust and Container handling at Tuna Tekra at Kandla Port Trust are for capacity range of 2-4 million TEUs and Project Cost ranging from ₹2000 crores to ₹6000 crores. Whereas, Container Terminal of Berth Nos.11 and 12 is proposed to be operated and maintained with minimal development of support infrastructure. Moreover, it does not involve berth construction also. Citing that upfront tariff already approved by this Authority for Tuna Tekra do not represent the proposed project, the KPT has proposed fixation of Reference Tariff under 2013 guidelines following the principles of upfront tariff guidelines of 2008 in line with clause 2.4 of the tariff guidelines of 2013.

(iv). The final revised proposal filed by the KPT vide its email dated 15 November 2014 along with the information/ clarification furnished by KPT during the processing of the case in reference are considered in this analysis.

The KPT has stated that there is deviation in its proposal from the norms prescribed in 2008 guidelines with reference to optimal capacity calculation and on equipment profile which is discussed in the following paragraphs.

(v). <u>Optimal Terminal Capacity:</u>

The guidelines for upfront tariff setting prescribe the methodology for determination of optimal capacity of a Container Terminal. The KPT has in its original proposal as well as first revised proposal dated 4 October 2014, maintained its stand that the methodology for assessing the optimal capacity following the norms prescribed in the guidelines has not been followed by the KPT as the optimal capacity of berth has already been designated as 0.6 Million TEUs. It is well admitted that while fixing the tariff of the then ABGKCTL the capacity of the Container Terminal was considered by this Authority at 6 lakh TEUs as assessed by the KPT from the year 2009-10 onwards as brought out in para 14(v)(c)(xi) in the Order No.TAMP/40/2010-ABGKCTL dated 11 October 2011 when the tariff was revised following 2005 tariff guidelines. It is relevant here to state that the capacity of 6 lakh TEUs considered in the tariff fixed for ABGKCTL is under 2005 guidelines. The said capacity is considered only to the limited extent of determining the capacity utilisation for deciding the quantum of admissible return on the capital employed under 2005 guidelines. The tariff guidelines of 2008 prescribes norms for assessing the capacity of the Container Terminal, and the tariff is to be determined with reference to the optimal capacity. Hence, the optimal quay capacity needs to be assessed following the norms prescribed in the 2008 guidelines in the instant case. On our insistence, the KPT has in its revised proposal assessed the optimal quay at 6,37,728 TEUs but for computation of tariff it has maintained the optimal capacity at 6,00,000 TEUs as the designated capacity. The assessment of optimal capacity is discussed hereunder:

(a). <u>Optimal Quay Capacity</u>:

(i). The guidelines of 2008 stipulate one quay crane for berth length of 100 metres which is to be rounded off. The aggregate length of berth nos.11 and 12 of the proposed project is 545 mtrs. The KPT has considered 4 existing quay cranes of ABGKCTL taken over by the KPT and proposed to be handed over to the BOT operator for berth length of 545 metres as against 5 Quay Cranes required as per the norms prescribed in the guidelines. The KPT has clarified that 4 quay cranes proposed by it is based on the opinion expressed by RFQ applicants and with the intention to keep the investment at the minimum level. In view of the clarification furnished by the port and recognising that none of the users/ bidders have raised any objection, the deviation from the normative level of quay crane is accepted by this Authority for reasons which are further elaborated in the subsequent paragraphs.

(ii). The productivity norms of the quay crane prescribed in the 2008 guidelines is 25 moves/ hour/ crane. As against the prescribed norm, the KPT has considered the productivity of 20 moves/ hour/ crane. The port has attempted to justify the reduced productivity norm assumed in the optimal quay capacity calculation is because existing old cranes to be handed over to the operator were lying idle for around one year. Further, some of the quay cranes are with lower capacity (i.e. less than that required for handling Panamax vessel). Even one of the prospective bidders, the ULAIPL has stated that it is not possible to achieve the productivity norm of 25 moves/ hour/ quay crane with old equipment. In the absence of any specific norms available in the 2008 guidelines for old quay cranes or for lower capacity quay cranes to be deployed for container handling operations and recognising the performance standard are also proposed at 20 moves/ hour / crane, it is not unreasonable to rely and go ahead based on the judgment of the port. That being so, the productivity norm of 20 moves/ hour/ crane as considered by the KPT is factored in the computation of optimal quay capacity. Clause 3.2 of the guidelines of February 2008 permits this Authority to make necessary adjustments in the norms based on the justification furnished by the concerned port trust, keeping in view the port specific conditions.

(iii). Applying the above parameter, TEU to boxes ratio, the number of working days in a year as per the norms and the formula prescribed in the guidelines, the optimal quay capacity works out to 6,37,728 TEUs per annum for the proposed container terminal as also assessed by the KPT.

(iv). Though the KPT has assessed the optimal quay capacity at 6,37,728 TEUs, it has moderated the optimal quay capacity of the container terminal at 6,00,000 TEUs to match with the capacity of the container terminal assessed in the past. Since the proposal of KPT is being considered under 2008 guidelines, the optimal quay capacity is considered at 6,37,728 TEUs as assessed in the computation.

(b). Optimal Yard Capacity:
The KPT has not assessed the Optimal Yard Capacity. In fact, taking the optimal capacity of the terminal at 0.6 million TEUs and the norms for other parameters (except the area), the KPT applying the formula prescribed in the guidelines has done backward working and arrived at the container yard area to be allotted for the proposed project at 12.85 hectares which is then rounded off to 15 hectares. In our analysis, the optimal yard capacity is derived following the norms prescribed in the guidelines as discussed hereunder:

(i). Ground slots:
A total area of 21.2 hectares of land is proposed to be provided by the KPT for Container terminal development. Of this, 3.2 hectares of land is earmarked for development of land alongside the rail line and 3 hectares of area is at berths. Of the balance 15 hectares of land, 12.85 hectares of land is envisaged for the container stacking and remaining 2.15 hectares of area is to provide other supporting and auxiliary facilities at the container stack yard. In the container terminal at the NMPT also it is seen that out of 10.6 hectares proposed to be allotted, 2.25 hectares was for back area of berth, 2 hectares for providing auxiliary facilities like roads, parking lot for trailers and remaining 6.35 hectares was earmarked for container stack yard. At the V.O. Chidambaranar Port Trust also, out of total 10 hectares of land proposed to be allotted, 7.425 hectares was considered for container stack yard and remaining was earmarked for auxiliary facilities. Thus, based on the clarification furnished by the KPT, the ground slots for stacking containers is computed for 12.85 hectare of area as done by the KPT.

The upfront tariff guidelines prescribe the norm for ground slots at 720 TEUs per hectare. The KPT has considered ground slots of 285 TEUs per hectare following the position considered in the case of JNPT for determination of the yard capacity for its standard container terminal decided by this Authority vide its Order dated 25 February 2009.

The KPT was requested to modify the ground slots at 360 TEUs / hectare as considered in the upfront tariff for Container Terminals determined in the Orders subsequent to the JNPT case i.e. Container Terminal at New Mangalore Port Trust passed by this Authority vide Order dated 30 December 2009, Mega Container terminal at Chennai Port Trust (CHPT) in the Order dated 3 March 2010, etc.

In this context, the KPT has reiterated that 285 TEUs per hectare considered by it is based on upfront tariff Order approved for Container Terminal at JNPT and the same has been followed in case of Tuna Tekra Container Terminal.

It is relevant here to state that in the case of upfront tariff determined for the container terminal at JNPT, though the ground slot was 285 TEUs per hectare was shown in the calculation, it did not influence the result substantially as the optimal quay capacity remained as the limiting factor in that case. In the case of upfront tariff fixation for the container terminal at New Mangalore Port Trust (NMPT) passed by this Authority vide its Order dated 30 December 2009, ground slots of 360 TEUs per hectare was considered based on the analysis done by the NMPT with reference to the area occupied by a container and additional area required for movement of container handling equipment, space between containers etc. The logic put forth by the NMPT was that 360 TEUs can be safely accommodated per hectare which was accepted by this Authority. The same number of ground slots of 360 TEUs per hectare has been considered while fixing upfront tariff subsequently for the Mega Container terminal at Chennai Port Trust (CHPT) in the Order dated 3 March 2010. That being so, it is not appropriate to consider the ground slots at 285 TEUs per hectare. Therefore, ground slots of 360 TEUs per hectare is considered in the instant case also as against 285 TEUs per hectare considered by the KPT.

As regards the reference drawn to the Container terminal of Tuna Tekra at the KPT, it is relevant to mention that reference tariff fixed for Container Terminal at Tuna Tekra approved by this Authority vide Order No.TAMP/43/2010-KPT dated 4 October 2010 was adoption of the upfront tariff approved for the container terminal for JNPT in the Order dated 25 February 2009 as then proposed by the KPT. The case of Tuna Tekra did not involve computation of optimal capacity ab initio and hence reference drawn by the KPT to the ground slots of 285 TEUs/ hectare in Tuna Tekra case is not found to be relevant here.

(ii). Average Stack Height:
The upfront tariff guidelines specify average stack height of 2.5 which is considered by the KPT.

(iii). Average dwell time:
The upfront tariff guidelines specify average dwell time for export container at 4 days and for import container at 2 days which is considered by the NMPT.

The KPT has considered average dwell time of 3 days assuming the share of import and export container to be equal. The said parameter assumed by the KPT is relied upon.

(iv). The yard capacity based on the formula prescribed in the guidelines and parameters as considered by KPT subject to modification in the parameters with reference to ground slot works out to 7,57,656 TEUs. As stated earlier, the assessed optimal quay capacity is 6,37,728 TEUs. As per Clause 3 of the guidelines of February 2008, the optimal capacity of the terminal is the lower of the optimum quay and stack yard capacities. The optimal capacity of the container terminal is, therefore, pegged at

6,37,728 TEUs being the lower of the optimal quay and yard capacities.

(vi). Capital cost:

The total capital cost of the container terminal estimated by KPT is ₹315.14 crores as explained below:

(a). Civil Works:

The estimated civil cost for container handling facilities includes the estimates for back up area development, water supply and development of land area along the rail siding. The port was asked to furnish documentary proof to support the estimates. Instead, the port has furnished analysis of unit rate adopted for estimating civil cost and has confirmed that the unit rate adopted for estimating civil cost is based on prevailing market rate pertaining to the year 2014. The guidelines stipulates that the civil cost will be as estimated by the concerned port trust. The estimates of civil cost as estimated by the KPT are relied upon in this exercise.

(b). Mechanical equipment:

(i). The capital cost estimated by the KPT for mechanical equipment is ₹212.55 crores. This comprises of ₹143.63 crores as upfront payable by the successful BOT operator to the KPT for equipment to be handed over by the KPT, ₹20.79 crores towards repairs of the existing equipment and ₹48.13 crores towards cost of equipment to be deployed by the BOT operator, for Installation of Electrical sub-station, Firefighting, and Electrical and illumination systems.

As brought out earlier, the proposed project of the KPT seeks reference tariff under 2013 guidelines for rebidding of the existing Container Terminal which was being operated by ABGKCTL and has been taken over by the KPT in pursuance of the directions of the Hon'ble High Court. The proposed project of KPT, therefore, envisaged a few existing container handling equipment to be handed over by the KPT to the successful BOT operator of the project and deployment of few additional equipment by the successful BOT operator. It is relevant here to mention that one of the projects of the CHPT for deployment of fleet of handling equipment at Chennai Port Trust under PPP mode, envisaged ELL cranes and the Floating crane owned by the port to be handed over to the operator at the book value of the respective asset and other handling equipment to be deployed by the operator. This Authority had approved reference tariff based on the proposal of the CHPT.

In the instant case also, in view of the peculiarity of the project, the proposal of KPT involving deployment of a few container handling equipment to be handed over by the KPT to the successful BOT operator of the project in combination with few additional equipment to be procured by the BOT operator is accepted.

As brought out earlier, the table showing the normative level of equipment as per 2008 guidelines, number of equipments proposed by the KPT and deviations from the norms prescribed in the 2008 guidelines is reproduced hereunder for ease of reference:

Equipment	2008 Norms	Requirement as per 2008 norms	Proposed by KPT	Existing Equipments with the port to be handed over	Additional number of equipments to be procured by the BOT operator
Quay Gantry Crane (QGC)	1 for 100m berth length	5 For 545 mtrs	4	4	Nil
RMGC	1 for handling 6 rakes/day	1	0	Nil	Nil
RTGC	3 for each quay gantry crane	15 For 5 QCs.	8	4	4
Reach Stacker/ Top lift truck	1 for 9 RTG	2	3	3	Nil
Tractor Trailers	6 for each QGC	30	24	15	9

(ii). As stated earlier, for the berth length of 545 mtrs., as per the norms prescribed in the guidelines 5 quay cranes are required to be deployed. As against that the KPT has envisaged deployment of four existing quay crane of the KPT to be handed over by the port to the successful BOT operator. It is notable that if the norm of 5 quay cranes prescribed in the guidelines is considered, the optimal quay capacity would be around 0.8 million TEUs reckoning with the productivity rate of 20 moves/ hour for reasons stated earlier (i.e. 20 moves/hour x 365 days x 24 hours x 5 RMQCs x 70% x 1.3=779,160 TEUs) as against the optimal yard capacity assessed at 7,57,656 lakh TEUs per annum. The port has admitted that there is deviation in equipment profile proposed to be deployed. The equipment requirement for the project has been reportedly determined based on opinions expressed by RFQ applicants in the pre-application conference. Moreover, the KPT has stated that Container Terminal of Berth Nos.11 and 12 is proposed to be operated and maintained with minimum level of investment.

Since the proposal of the port to restrict the number of quay cranes to four numbers and consequent complementing equipment is with the intention of not unduly burdening the tariff with cost of idle investments and is reportedly based on the opinions expressed by prospective bidders, the deviation in the number of quay cranes proposed by the KPT is accepted in view of clause 3.2. of 2008 guidelines.

While this position is accepted for the reasons cited by the port, this Authority makes it abundantly clear that this deviation is being accepted in view of the peculiarity of the project envisaged by the KPT. The KPT should ensure and make it clear in the bid document as well as in the Concession Agreement as proposed by itself that the reference tariff approved by this Authority for berth nos.11 and 12 is applicable for deployment of 4 numbers of quay cranes. It is for the KPT to ensure that the Container Terminal operator deploys 4 nos. of quay cranes as envisaged by the KPT for the project. If the BOT operator anytime during the project deploys more than 4 quay cranes then the reference tariff approved by this Authority in the current exercise will require to be reviewed as proposed by the KPT to the limited extent of updating the optimal quay capacity for additional quay crane deployed and to moderate the reference tariff. The KPT being the licensor port as well as the BOT operator should bring out to the notice of this Authority in the event of deviation in the deployment of quay crane by the BOT operator from the level assumed in the tariff computation.

(iii). As regards RTGCs, as per norms prescribed in the guidelines for 5 quay cranes, the number of RTGCs as per norms will come to 15 (norm is 3 RTGCs for 1 quay crane). However, considering 4 number of quay cranes proposed to be deployed by the KPT in the current proposal, the number of RTGCs applying the norms prescribed in the guidelines comes to 12 nos.

As against the above, the KPT has proposed deployment of total 8 RTGCs (i.e. 4 existing RTGCs of the KPT to be handed over and 4 to be procured by the BOT operator). The deviation in the number of RTGCs at 8 nos. as against normative level of 12 nos. is reportedly based on opinions expressed by RFQ applicants in the pre-application conference, and to rationalize the cost of investment to make the project viable. In view of the above clarification furnished by the KPT and recognising that none of the users/ bidders have raised any pointed objection on the number of RTGCs proposed by the KPT, the deviation from the normative level of RTGCs proposed by the KPT is accepted in view of clause 3.2. of the guidelines of February 2008.

(iv). The 2008 guidelines prescribes norm of 1 number RMQC for handling 6 rakes/ day and 1 reach stacker for 9 rakes. Though the KPT has proposed tariff for handling ICD containers by rail, it has not proposed any RMQC for the proposed facility.

When sought to explain the reasons for deviation from the norms prescribed in the guidelines in respect of the number of equipments proposed to be deployed, the KPT has clarified that for handling ICD containers, Reach Stackers are proposed to be used, instead of RMGC. Hence, the port has not proposed RMQC. The number of reach stacker proposed by KPT is 3 numbers instead of 2 numbers required for its project as per the norms.

It is relevant to state that at the joint hearing, the KPT has clarified that three reach stackers are proposed to be deployed of which two will be used at container yard and one for handling ICD container. However, while furnishing the reply to our queries, the KPT has stated that four reach stackers are proposed for deployment of which 2 numbers will be used for handling ICD container and 2 numbers at the container yard. The KPT has clarified that one of the four reach stackers to be handed over is in poor and dismantled condition. It is seen that in the entire proposal the KPT has maintained the number of reach stackers at 3 numbers except while furnishing reply to the queries. The KPT has, however, not modified its proposal to reflect the fourth reach stacker. As rightly stated by the KPT, it is seen from the valuation report that one of the four reach stackers to be handed over by the KPT is in obsolete condition. In our analysis, number of reach stacker is considered at three numbers as considered by the port.

In view of the clarification furnished by the port on non-inclusion of the RMGC in the estimation of container handling equipment cost and instead deployment of one additional reach stacker in place of RMGC to handle ICD container, and also recognising that none of the users/ bidders have raised any pointed objection on this, the deviation proposed by the port from the normative level of these equipment prescribed in the guidelines is accepted.

(v). As per norms prescribed in the guidelines, for 5 quay cranes the number of Tractor Trailers (TTs) as per norms will come to 30 (norm is 6 per quay crane). Consequent to acceptance of the KPT proposal for deployment of 4 number of quay cranes, the number of TTs applying the norms prescribed in the guidelines comes to 24 nos. The KPT has proposed 24 TTs comprising of 15 existing TTs to be handed over by the KPT and 9 new TTs to be procured by the BOT operator. Since the total 24 numbers of TTs proposed to be deployed is as per the norms applicable for 4 quay cranes, the same is accepted.

(vi). As stated earlier, the capex of mechanical equipment includes ₹143.63 crores towards cost of existing equipment to be handed over by the KPT to the BOT operator viz. 4 Quay cranes, 4 number of RTGCs, 3 nos. of reach stackers and 15 tractor trailers and ₹20.79 crores towards repairs of the existing equipment to be incurred by the BOT operator.

The KPT has engaged an approved valuer to assess the fair value of the assets to be handed over to the BOT operator and has also furnished a copy of the report of the approved valuer. The upfront amount of ₹143.63 crores payable by the BOT operator considered in the capital cost is reportedly the fair value of assets assessed by an approved valuer appointed by the KPT to assess the fair value of assets to be handed over by the KPT and is supported with a copy of the valuation report done by an approved valuer appointed by the KPT. It is seen that the valuation of the assets is as of 31 August 2013. When requested to furnish the written down value in respect of each of the above assets in the books of accounts of KPT, the KPT has clarified that assets which are proposed to be handed over to the operators are taken over from the then operator ABGKCTL and the same is not accounted in the books of account. It is not known under such circumstances, as to why the KPT being the Licensor Port has not been in a position to atleast furnish the requisite information based on the annual accounts of the ABGKCTL.

Recognising the fact that the upfront premium assessed at ₹143.63 crores being the fair value of assets to be handed over to the BOT operator is supported with the valuation report of the approved valuer and recognising that none of the users/ prospective bidders have raised any pointed objection on this item of capex, the estimate of ₹143.63 crores included in the capital cost is fully relied upon and considered in the computation.

With reference to estimated capex relating to refurbishment/ repairs to the tune of ₹20.34 crores in respect of Quay Cranes, RTGCs, Reach Stackers, the KPT has furnished documentary support in form of offer from the vendor for refurbishment of the equipment hence the estimate of this is accepted. ₹0.45 crores estimated in the capex towards repairs of tractor trailer is, however, not supported with documentary support. Recognising that it is not a significant cost item in the total capex, the estimate furnished by the KPT is relied upon and considered.

(vii). With reference to the capital cost of equipment to be procured viz., 4 nos. of RTGCs, 9 nos. of Tractor Trailers and for installation of Electrical sub-station, Fire Fighting and Electrical illumination, the KPT was requested to furnish documentary evidence in the form of quotations, etc. The KPT has, however, not furnished any documentary evidence in the support of the capital cost of these items. It has stated that the capital cost of equipments to be procured by the operator have been considered at the cost estimated in case of Tuna Tekra Container Terminal. The KPT agreed to submit quotations but no documentary evidence were submitted by the KPT till the finalisation of this case. One of the prospective bidders has pointed out that the capital cost of tractor trailer is ₹30 to ₹35 lakhs per unit whereas the KPT has under estimated this item at ₹22 lakhs per tractor trailer and hence should be re-assessed. When the KPT was specifically requested to examine this, the KPT has maintained its stand that it is based on a quotation received for another proposal of Container Terminal at Tuna Tekra and has not furnished any copy of documentary support to substantiate its estimate. Incidentally, the reference tariff approved for Tuna Tekra Container project in the adoption of the tariff fixed for JNPT project and not based on the project estimates of Tuna Tekra project. In this context, it is relevant to state that the tariff guidelines of 2008 gives an indicative unit cost of equipment wherein the capital cost of tractor trailer is ₹38 lakhs per unit. It is seen that capital cost of tractor trailer considered by this Authority in upfront tariff determined in the recent past i.e. dry port at Chennai Port Trust for multimodal logistics hub to be developed at Mappedu near Sriperumbudur approved in January 2013 is ₹37 lakhs for a trailer, and the unit rate tractor trailer is considered at ₹40 lakhs for Mega container Terminal in the upfront tariff approved by this Authority in March 2010. Based on the position obtained in the recent past, there appears to be merit in the point made by the ULAIPL. That being so, the capital cost of the TT is modified and considered. ₹37 lakhs as considered in the recent case of the CHPT.

Apart from this, there has not been any objection on the capital cost of equipment estimated by the KPT. The KPT has confirmed that the estimation of capital cost is based on the prevailing market rates pertaining to the year 2014. In view of the above, the capital cost of the other equipment viz. RTGCs and capital cost for other ancillaries like installation of Electrical sub-station, Fire Fighting and Electrical illumination as estimated by the KPT are relied upon and considered in the reference tariff computation.

(viii). With reference to the point made by the ULAIPL to include Written Down Value of rail siding in the project cost or alternatively consider the expenditure to be incurred by the successful bidder in terms of railway siding charges payable to KPT, the KPT has clarified that the rail siding would not be handed over to the Concessionaire. Hence, the same is not considered in the capital cost of the project. As far as the operating cost for using rail sidings is concerned, the same is proposed to be recovered by the KPT by levying the charges directly from the users or else the Concessionaire may collect the charge from the user and pay the same to KPT/ Railway Authority as may be applicable. This arrangement is workable as the KOPT collects the charges for supply of on-board labour on behalf of the Kolkata Dock Labour Board (KDLB) and remits the collected amount to the KDLB. Hence, the KPT has contended that there is no need to include the same in the operating expenses. The clarification furnished by the KPT is relied upon.

(ix). With reference to the point made by the ULAIPL to capture the cost of replacing the new equipment to be purchased by the operator during the concession period assuming a certain inflation per annum, the KPT has rightly clarified that the upfront tariff guidelines of 2008 do not allow to consider the cost of replacing the assets during the project period in the reference tariff computation. The point made by the ULAIPL is beyond the scope of the tariff guidelines of 2008 and 2013. Under 2013/ 2008 guidelines, once reference tariff is fixed, there is no scope to reassess and consider replacement value of assets. The reference tariff fixed is applicable for the entire project period subject to annual indexation and performance linked tariff increase.

(x). The revised container handling equipment cost subject to modification in the cost of TT as explained above works out to ₹213.90 crores as against ₹212.55 crores estimated by the KPT.

(xi). <u>IT System Cost and Other Cost</u>

The capital cost for IT systems and other items are estimated at 2% and 10% respectively of the sum of the civil cost and container handling equipment cost as per the norms prescribed in the guidelines.

(c). Based on the above analysis, the aggregate capital cost works out to ₹316.65 crores as against ₹315.14 crores estimated by the KPT.

(d). The Return on Capital Employed at 16% on the modified capital cost for container handling service works out to ₹50.66 crores as against ₹50.42 crores estimated by the KPT.

(vii). <u>Operating Cost</u>:

(a). Consumption of power is considered as per the norms at 8 KWH per TEU. The unit cost of power considered by the KPT in the revised proposal is ₹9.49 per unit which is substantiated with detailed computation of unit rate of electricity based on the tariff schedule of power for the year 2014-15. The power cost estimated by the KPT is considered subject to modification with reference to the modified optimal capacity of the container terminal.

(b). Consumption of fuel is considered at 4 litres per TEU as per the consumption norms prescribed in the guidelines. The unit cost of fuel considered by the KPT is ₹63.15 per litre. The unit cost of fuel is modified with reference to the rate prevailing at the time of the analysis of the case i.e. ₹58.11 per litre and is assessed for the modified optimal capacity of the terminal.

(c). The norms stipulate the repairs and maintenance cost on mechanical and electrical equipment at 2% of the relevant cost of the assets. The KPT had earlier rightly estimated repairs and maintenance @ 2% on container handling equipment and IT cost in line with the guidelines.

One of the prospective bidders the ULAIPL has pointed out that the capex captures WDV of assets taken over from the KPT and repairs and maintenance cost estimated by the KPT is on WDV of assets taken over from the KPT. Citing that the repairs and maintenance expenditure is expected to be much higher on old existing assets to be deployed under this project, it has requested to consider repairs and maintenance cost on the gross value of assets.

In view of the above point raised by the ULAIPL, the KPT in its revised proposal has, apart from estimating the repairs and maintenance cost at 1% on capital cost of civil works and 2% on capital cost of mechanical equipment and IT in line with the norms prescribed in guidelines, has also estimated repairs and maintenance at 2% of ₹74.35 crores being the difference in the replacement value of equipment to be handed over by KPT as assessed by the Consultant and fair value of assets considered in the capex as upfront payable to KPT.

It is relevant here to state that the repairs and maintenance cost estimated in the other upfront tariff cases is on the gross value of the assets. In the instant case as rightly pointed out by the KPT, the capex on the mechanical equipment to be taken over from the KPT is estimated at fair asset value (net value) by the KPT. Hence, the point made by the ULAIPL to consider repairs and maintenance on the replacement value of assets which has also been reckoned with by the KPT merits consideration. As stated earlier, the KPT has furnished a copy of the report of approved valuer who has assessed the replacement value of the equipment to be handed over by the KPT at ₹207.60 crores as against fair asset value of the same at ₹143.63 crores considered in the capital cost towards the upfront payable by the BOT operator. Citing that the report of the valuer pertains to the year 2013, the KPT has applied 5% escalation and arrived at the replacement value of mechanical equipment at ₹217.98 crores as tabulated hereunder:

Particulars	**₹ in crores**	**₹ in crores**	**Remarks**
Replacement Cost of the Assets to be handed over by KPT to the BOT operator	₹217.98	₹207.60	Considering Replacement Cost of Mechanical Works based on approved valuer's report for ABGKCTL Assets to be handed over by the KPT to the BOT operator. The report of the approved valuer indicates the Replacement cost of equipment as on 2013. Hence, 5% general WPI escalation is given.
Net Value (Fair value of asset) to be handed over by KPT as considered in the estimate of capital cost	143.63		
Difference	74.35		

The approach adopted by the KPT of updating the replacement value of assets to the year 2014 applying 5% escalation appears to be reasonable and logical and hence is accepted. That being so, the repairs and maintenance cost estimated on the differential ₹74.35 crores being the difference in the replacement value of equipment to be handed over by KPT and fair value of assets considered in the capex as assessed by the Consultant is allowed in view of the extraordinary position of this project brought out by the KPT.

(d). As per the norms, the insurance cost is estimated at 1% of the gross fixed assets and other expenses at 10% of the gross value of fixed assets (for terminals having capacity more than 0.5 million TEUs) as per the norms prescribed in the guidelines.

(e). Depreciation, as per the guidelines, should be calculated following the depreciation rates for Straight Line Method (SLM) prescribed in the Companies Act, 1956. The KPT had earlier computed depreciation @ 3.34% on civil cost, 10.34% on container handling equipment as per the rates prescribed in the Companies Act 1956 under the SLM for the relevant group of assets. Subsequently on being pointed out, the KPT has stated that the depreciation is recomputed in line with the Companies Act 2013 considering the life span of the assets. However, on perusing the depreciation computation it seen that the KPT has not made any modification in the depreciation computation.

The provisions as per the Companies Act, 2013 (ref Schedule II of section 123) suggest that the useful life of civil works (others) to be considered as 30 years and for IT (server and networks) as 6 years. This translates depreciation rate of 3.34% per annum for civil works (3.34% considered by KPT), 16.67% on IT (16.21% considered by the KPT in the revised computation). Depreciation is modified in line with the depreciation rate applicable as per the life norms prescribed in the Companies Act, 2013. Depreciation on mechanical equipment is considered at @ 10% in the reference tariff determined in the other Major Port Trusts following the depreciation rate applicable as per the Companies Act 2013. That being so, the same is followed in the instant case also.

While calculating depreciation, the other assets are duly taken proportionately under civil and equipment cost and depreciated. This is found to be in line with the approach followed in the other upfront tariff cases and hence is accepted.

(f). Lease rental is estimated for a total area of 2,12,034 sq. mtrs. of land (i.e. 21.20 hectares) to be handed over by the KPT to the BOT operator.

The guidelines stipulate the lease rental to be considered as per the rates prescribed in the Scale of Rates of the concerned Major Port Trust. The port has clarified that the License Fee for Kandla lands as per the SOR for land within dock area is ₹180.60 / square meter per annum as on January 2009 and with the applicable escalation till 2014, the rate comes to ₹199.40/Sqm/Annum.

In the revised proposal, the KPT has considered unit rate of lease rent at ₹350.16 per square metre per annum for the land within the docks i.e. Category 'E' based on the proposal filed by the KPT for fixation of lease rent for Kandla lands. The proposal of the KPT for revision of lease rent has already been approved by this Authority in a separate Order. The revised lease rent adopted by the KPT is found to be in line with the unit rate approved by this Authority and hence is accepted.

(g). The total operating cost based on the above analysis works out to ₹95.98 crores as against ₹96.45 crores estimated by the KPT.

(viii). The cost statement for fixing reference tariff cap for container terminal at berth nos.11 and 12 in line with the above analysis is attached as **Annex - I**.

(a). The total Annual Revenue Requirement (ARR) for the container handling activity works out to ₹146.64 crores which is an aggregate of 16% Return on a capital employed (ROCE) at ₹50.66 crores and operating cost at ₹95.98 crores as against ARR of ₹146.87 crores estimated by the KPT comprising of ROCE at ₹50.42 crores and operating cost at ₹96.45 crores.

(b). The guidelines require 90% of the total revenue requirement to be apportioned to handling charge, 7% towards storage charge and 3% towards miscellaneous charge. The KPT has envisaged apportionment of the ARR as per the norms prescribed in the guidelines.

In view of modified ARR and following the norms for apportionment of ARR, ₹131.98 crores lakhs is to be realised from container handling charges, ₹10.27 crores from storage charge and ₹4.40 crores from miscellaneous charges to meet the total revenue requirement of ₹146.64 crores.

(ix). (a). The guidelines do not prescribe any specific methodology for deriving unit rates in the Scale of Rates for different services from the revenue requirement. The container handling charges include tariff items for various services and further the rates differ based on the type and size of containers.

The Scale of Rates for reference tariff is, therefore, to be drawn up by iteration taking the tariff structure and the pattern of various services offered by other similar functioning terminal as the base so as to achieve the normative annual revenue requirement. The same approach was adopted while setting upfront tariff for container handling at New Mangalore Port Trust (NMPT), V.O. Chidambaranar Port Trust (VOCPT) and Jawaharlal Nehru Port Trust (JNPT).

(b). In the current proposal, the container volumes estimated for various services in traffic study undertaken in Feasibility Report for Container Terminal at Tuna Tekra is taken as the base by the KPT. To arrive at the reference tariff for container terminal at Berth Nos.11 and 12, the KPT has arrived at the percentage of the correction factor. This is done by estimating the revenue from cargo handling activity at the reference tariff approved by this Authority vide Order No.TAMP/43/2013-KPT dated 4 October 2013 for Container Terminal at Tuna Tekra for the container traffic profile as per traffic study undertaken for Container Terminal at Tuna Tekra at the KPT. The revenue so arrived at ₹180.02 crores is compared with the ARR estimated from the container handling activity of the current project at ₹132.19 crores and a percentage of correction factor is derived by the KPT at 73.43% (i.e. ₹132.19 crores/ ₹180.02 crores). The said percentage correction factor is applied to the reference tariff approved for the Container terminal at Tuna Tekra to arrive at the proposed reference tariff for Container handling charges for berth nos.11 and 12.

When the KPT was requested to confirm whether the container traffic profile considered in the past for the Tuna Tekra project, would be representative enough for the proposed project of KPT, the KPT has clarified that cargo mix in terms of loaded vs. empty, foreign vs. coastal and share of rail borne cargo has been followed based on the past traffic data of 11^{th} and 12^{th} Berths itself and the mix of normal, hazardous, reefer and ODC containers has been followed based on the data available in the study of Container Terminal at Tuna Tekra. The container traffic mix assumed by the KPT to arrive at the proposed tariff is relied upon in this exercise.

The approach followed by the KPT is found to be in line with the approach followed in the upfront tariff for container terminals at other major ports like NMPT, VOCPT, JNPT, etc., which has been accepted by this Authority. The container mix as adopted by the KPT and the approach adopted by the KPT are relied upon for arriving at the reference tariff for container handling charges subject to considering the modified ARR of ₹131.98

crores from container handling activity as against ₹132.19 crores estimated by the KPT and the modified optimal capacity assessed at 6,37,728 TEUs instead of 6,00,000 TEUs considered by the KPT. Accordingly, the percentage of the correction factor to be applied on reference tariff approved for container terminal at Tuna Tekra comes to 68.98% instead of 73.43% computed by the KPT (i.e. ₹131.98 crores / ₹191.34 crores = 68.98%).

The port has furnished detailed computation of tariff arrived to meet the ARR estimated from the container handling charge which constitutes 90% of the ARR. The port has, however, not furnished any such working for storage charge and miscellaneous charges to show that proposed rate for storage charge and miscellaneous charges will meet the estimated revenue requirement from this activity. The same percentage of correction factor of 73.43% arrived by the KPT for container handling charges has been applied to arrive at the proposed storage charges and miscellaneous charges constituting of services for reefer monitoring, shifting containers and restow related services i.e. hatch cover opening and replacing. When sought justification from the KPT for applying the correction factor arrived based on the handling income to derive the storage charges and miscellaneous charge, the KPT has clarified that detailed computation for storage charges and miscellaneous charges is not possible due to non-availability of data of volume of containers for storage services and miscellaneous services. Storage services would range from huge number of days intervals and for various types of containers i.e. ICD, CFS, Export, Import, etc. Moreover, miscellaneous services would also be of very diverse nature which may include various units of charging these services like power consumption, document numbers, number of containers, hatch cover numbers, etc. Hence, the KPT has stated it is not possible to estimate such detailed working for these activities of miscellaneous services as well as for storage services. In view of this, and citing that the impact on overall revenue requirement is small, the KPT has justified the application of correction factor of handling charges for storage and miscellaneous services also.

In view of the difficulty expressed by the KPT, this Authority proceeds based on the approach adopted by the KPT of applying the correction factor derived for container handling charge for storage charge and miscellaneous services also subject to applying the modified correction factor arrived by us. It is seen that the free period and the slabs proposed for storage charge are adopted by the KPT from the Reference tariff approved by this Authority for Container Terminal at Tuna Tekra. None of the users/ prospective bidders have raised any objection in this regard and hence storage slabs is accepted as proposed by the KPT. It is observed that the storage charge prescribed at Schedule 3.2. in the reference tariff approved for the container terminal at Tuna Tekra at Sl. No.4 for Non ICD/ CFS Export – Empty for the slab 19-22 days contains a typographical error where the rate is prescribed at ₹33,273.59 per box instead of ₹3273.59 per box for container above 40' length. While prescribing the storage charge in the reference tariff schedule for the current project, the correction factor is applied on the correct rate of ₹3273.59 per box instead of applying on ₹33,273.59 per box as done by the KPT.

A detailed computation of tariff for handling charge as furnished by the KPT is attached as **Annex - II**. A detailed computation of tariff for handling charge modified in view of the above analysis which also shows the revenue computation at the approved tariff matching with the estimated ARR of ₹131.98 crores from handling charge is attached as **Annex - III**. These Annexures also indicate the tariff computation of storage and miscellaneous services arrived by applying the percentage correction factor determined for handling charge in line with the approach adopted by the KPT.

(x). All the definitions, general terms and conditions and conditionalities governing the tariff proposed by the KPT are found to be as per the reference tariff approved for container terminal at Tuna Tekra and hence is approved as proposed by the KPT.

(xi). Clause 2.2 of the revised tariff guidelines of 2013 requires this Authority to prescribe the Reference Tariff along with the Performance Standards. Though the revised guidelines of 2013 do not require this Authority to go into the Performance Standards proposed by the port it is not unreasonable to assume that the ports would propose reasonable and achievable Performance Standard.

The KPT in the original proposal had proposed performance standard of 25 moves/ crane/ hour. The ULAIPL had objected that the proposed performance standards of 25 moves/ crane/ hour cannot be achieved as the project involves handling container by old quay cranes to be handed over by the KPT. That being so, in the revised proposal, the KPT has proposed the Performance Standards in terms of gross berth day output at 20 moves/ crane/ hour. The deviation from the normative productivity level of 25 moves/ crane/ hour prescribed in the 2008 guidelines has been dealt with in the preceding paragraphs and hence not repeated here. Since revised proposed performance standard of 20 moves/ crane/ hour is found to be at the level of handling rate considered in the optimal quay capacity calculation, the same is incorporated as proposed by the port.

The Performance Standards for dwell time of container is proposed at 2 days for import and 4 days for export in line with the norms of dwell time in the TAMP Guidelines 2008 and as considered in the optimal yard capacity calculation. The KPT has also proposed performance standards in respect of turnaround time for receipt/ delivery operation which are found to be at par with the performance standards proposed for Container Terminal at Tuna Tekra.

Inspite of a specific request to prescribe the conditionalities governing the performance standards for the various cargoes, the KPT has not prescribed the same.

Since clause 2.2. of the revised guidelines of 2013 requires this Authority to notify the Performance Standards based on the proposal of the port, the Performance Standards as proposed by the port is notified along with the Reference Tariff Schedule.

(xii). The KPT has proposed a general note relating to indexation factor wherein the base WPI to be considered for automatic adjustment every year is proposed as 1 January 2014. Since the cost estimates considered in the reference tariff calculation are as of the year 2014 and the tariff is being notified in the year 2014, it is found appropriate and relevant to prescribe the base WPI to be considered for automatic adjustment every year as 1 January 2014 as proposed by the KPT.

16.1. Subject to above, the Reference Tariff Schedule along with conditionalities governing the Reference Tariff has been modified.

16.2. The modified Reference Tariff Schedule is attached as **Annex - IV** and the Performance Standards as proposed by the port is attached as **Annex - V**.

16.3. In the result, and for the reasons given above, and based on a collective application of mind, this Authority approves the Reference Tariff Schedule for Container Terminal at berth nos.11 and 12 at KPT and notifies it alongwith the Performance Standards.

16.4. As per clause 2.5 of the Revised Tariff Guidelines 2013, the Reference Tariff and Performance Standards notified by this Authority shall be mentioned in the bid document and subsequently in the Concession Agreement in respect of PPP Projects. Accordingly, the KPT is advised to incorporate the Reference Tariff and Performance Standards, in the bid document and subsequently in the Concession Agreement in respect of PPP Project.

16.5. From the date of Commercial Operation (CoD) till 31st March of the same financial year, the tariff would be limited to the indexed Reference Tariff relevant to that year, which would be the ceiling. The aforesaid Reference Tariff shall be automatically revised every year based on an indexation as provided in para 2.2 of the tariff guidelines of 2013 which will be applicable for the entire concession period.

However, the PPP operator would be free to propose a tariff along with Performance Standards (the "Performance Linked Tariff") from the second year of operation onwards, over and above the indexed Reference Tariff for the relevant financial year, at least 90 days before the 1st April of the ensuing financial year. Such Performance Linked Tariff shall not be higher than 15% over and above the indexed Reference Tariff for that relevant financial year (and this will be the Tariff Cap). The Performance Linked Tariff would come into force from the first day of the following financial year and would be applicable for the entire financial year.

16.6. The proposal shall be submitted to this Authority along with a certificate from the independent engineer appointed under the Concession Agreement of the Project indicating the achievement of Performance Standards in the previous 12 months as incorporated in the Concession Agreement or for the actual number of months of operation in the first year of operation, as the case may be.

16.7. On receipt of the proposal, this Authority will seek the views of the KPT on the achievement of Performance Standards as outlined in para 5 of the tariff guidelines of 2013, within 7 days of receipt.

16.8. In the event of Operator not achieving the Performance Standards as incorporated in the Concession Agreement in previous 12 months, this Authority will not consider the proposal for notifying the Performance Linked Tariff for the ensuing financial year and the Operator shall be entitled to only the indexed Reference Tariff applicable for the ensuing financial year.

16.9. After considering the views of the KPT, if this Authority is satisfied that the Performance Standards as incorporated in the Concession Agreement have been achieved, it shall notify the performance linked tariff by 15th of March to be effective from 1st of April of the ensuing financial year.

16.10. While considering the proposal for Performance Linked Tariff, this Authority will look into the Performance Standards and its adherence by the Operator. This Authority will decide on the acceptance or rejection of the Performance Linked Tariff proposal based on the achievement or otherwise of the Performance Standards by the operator. Determination of indexed Reference Tariff and Performance Linked Tariff will follow the illustration shown in the Appendix attached to the tariff guidelines of 2013.

16.11. From the third year of operation, the Performance Linked Tariff proposal from the PPP operator shall be automatically notified by this Authority subject to the achievement of Performance Standards in the previous 12 months period as certified by the Independent Engineer. The PPP operator, for the Performance Linked Tariff from the third year onwards, will submit the Performance Linked Tariff proposal along with the achievement certificate from the independent engineer by 1st March and this Authority shall notify by 20th March, the Performance Linked Tariff to be effective from the ensuing financial year.

16.12. As stipulated in Clause 6.2 of the revised 2013 guidelines, in the event any user has any grievance regarding non-achievement by the PPP operator of the Performance Standards as notified by this Authority, he may prefer a representation to this Authority which, thereafter, shall conduct an inquiry into the representation and give its finding to the concerned Major Port Trust.

The Major Port Trust will be bound to take necessary action on the findings as per the provisions of the respective Concession Agreement.

16.13. As stipulated in Clause 6.3.1 of the revised 2013 guidelines, within 15 (fifteen) days of the signing of the Concession Agreement, the concerned operator will forward the Concession Agreement to this Authority which will host it on its website.

16.14. As stipulated in clause 6.3.2 of the revised 2013 guidelines, the PPP operator shall furnish to this Authority quarterly reports on cargo traffic, ship berth day output as well as the tariff realized for each berth. The quarterly reports shall be submitted by the PPP operator within a month following the end of each quarter. Any other information which is required by this Authority shall also be furnished to them from time to time.

16.15. As stipulated in clause 6.3.3 of the revised 2013 guidelines, this Authority shall publish on its website all such information received from PPP operator. However, this Authority shall consider a request from the PPP operator about not publishing certain data/ information furnished which may be commercially sensitive. Such requests should be accompanied by detailed justification regarding the commercial sensitiveness of the data/ information in question and the likely adverse impact on their revenue/ operation of upon publication. This Authority's decision in this regard would be final.

16.16. As per clause 3.8.5 of the guidelines, if any question arises requiring clarifications or interpretation of the Scale of Rates and the statement of conditionalities, the matter shall be referred to this Authority and its decision in this regard will be binding on the operator.

16.17. The performance norms for the projects should be clearly brought out in the bid documents. The operator is expected to perform at least at the performance norms brought out in the bid document/concession agreement.

16.18. The actual performance of the operator will be monitored by this Authority. If any complaint regarding quality of service is received, this Authority will enquire into such allegation and forward its findings to the KPT. If any action is to be taken against the operator, the KPT shall initiate appropriate action in accordance with the provisions of the relevant Concession Agreement.

16.19. During the commercial operation at the terminal, within 15 days from the end of every quarter, the operator shall submit to this Authority through the KPT a report containing the terminal's physical and financial performance during the preceding three months.

(T.S. Balasubramanian)
Member (Finance)

ANNEX - I

FORMULATION OF REFERENCE TARIFF FOR CONTAINER TERMINAL AT KANDLA PORT TRUST FOR BERTH NOS.11 AND 12 FOLLOWING THE PRINCIPLES OF 2008 GUIDELINES.

Sr. No.	Particulars	Norms prescribed in the guidelines	Estimates by KPT in its Ist Revised Proposal dated 4.10.2014	Estimates in IInd Revised Proposal of KPT dated 15.11.2014	As considered by TAMP
I	**Optimal capacity**				
(i)	**Optimal Quay Capacity**		**Values considered by KPT**	**Values considered by KPT**	
	Values for detemining the quay capacity		Not Computed. Considered designated capacity of container termnal when operated by the earlier BOT operator ABGKCTL at 0.6 TEUs		
	A = Number of Gantry Cranes deployed for work in an year.	= Berth Length / 100		4.00	4.00
				=545/100	=545/100
				Comes to 5 but considered 4 Nos.	
	B = Number of working hours of gantry cranes in an year.	= 24 * 365 hours		8760.00	8760.00
				= 24 * 365 hours	= 24 * 365 hours
	C = Average number of moves per gantry crane.	= 25 moves per hour		20.00	20.00
	D = TEU ratio	= 1.3		1.30	1.30
	E = 70%	= 70%		70%	70%
	Optimal Quay Capacity = A * B * C * D * E in TEUs		**-**	**637,728**	**637,728**
	Optimal Quay Capacity considered in tariff computation (in TEUs)		**600,000**	**600,000**	**637,728**
(ii)	**Optimal Yard Capacity**				
	G = Total Ground Slot in TEUs	= 720 TEUs per hectare	3662.25	3662.25	4626
			= 285 TEUs* 12.85 hectares	= 285 TEUs* 12.85 hectares	= 360 TEUs* 12.85 hectares
	H = Average Stack height	= 2.50	2.50	2.50	2.50
	P = Period in number of days	= 365	365.00	365.00	365.00
	S = Surge factor	= 1.3	1.30	1.30	1.30
	D = Average Dwell Time	= 4 days for Export & 2 days for Import	3.00	3.00	3.00
	Optimal Yard Capacity = 0.7 * G * H * P / S * D In TEUs		**599,811 ***	**599,811 ***	**757,656**
	** Considering the designated capacity as 0.6 million TEUs and other parameters the KPT has arrived at the container stackyard area of 12.85 hectares. The area has been then rounded off to 15 ha. No detailed computation of yard capacity is furnished by KPT. The above computation of the KPT is shown here based on the parameters made available by the KPT for optimal capacity assessed by KPT at 0.6 million TEUs.				
	Optimal Yard Capacity (Rounded off by KPT)		600,000	600,000	757,656
(iii)	**Optimal capacity of the Terminal - lower value of the optimal quay capacity and optimal stack yard capacity (in TEUs).**		**600,000**	**600,000**	**637,728**
II	**Capital Cost**				
(i).	**Container Handling Activity**	**Norms wherever prescribed**	**Rs. in crores**	**Rs. in crores**	**Rs. in crores**
	(a). Civil Cost	As estimated by the terminal			
	(i). Back up area Development (This includes supporting assets also)	--	64.76	64.76	64.76
	(ii). Water supply civil works	--	0.15	0.15	0.15
	(iii). Development of Land area along the rail siding.	--	3.91	3.91	3.91
	Subtotal (a)		**68.83**	**68.83**	**68.83**
	(b). Mechanical cost				
	(i). Cost of existing equipments to be taken over from KPT - Quay Gantry Crane - 4 Nos. Rubber Tyred Gantry Crane - 4 Nos. Reach Stacker / Top lift truck - 3 Nos. Tractor Trailers - 15 Nos. plus repair cost	--	164.42	164.42	164.42
			Upfront payable to KPT Rs.143.63cr at fair value of assets + estimated repairs on equipments Rs.20.34cr + 0.45cr repairs of tractor trailers	Upfront payable to KPT Rs.143.63cr at fair value of assets + estimated repairs on equipments Rs.20.34cr + 0.45cr repairs of tractor trailers	Upfront payable to KPT Rs.143.63cr at fair value of assets + estimated repairs on equipments Rs.20.34cr + 0.45cr repairs of tractor trailers
	(ii). Rubber Tyred Gantry Crane - 4 Nos.	3 nos. for each Quay Gantry crane	43.20	43.20	43.20
	(iii). Tractor Trailers - 9 Nos.	6 nos. for each Quay Gantry Crane	1.98	1.98	3.33
			9 nos. * Rs.22.0 lakhs	9 nos. * Rs.22.0 lakhs	9 nos. * Rs.37.0 lakhs
	(iv). Installation of Electrical sub-station (LS provided by CME dept.)	--	1.00	1.00	1.00
	(v). Firefighting	--	0.95	0.95	0.95
	(vi). Electrical and illumination systems	--	1.00	1.00	1.00
	Subtotal (b)		**212.55**	**212.55**	**213.90**
	Subtotal (a +b)		**281.38**	**281.38**	**282.73**
	(c). IT System Cost	2% of Civil & Equipment Cost	**5.63**	**5.63**	**5.65**
			2% * Rs.281.38cr	2% * Rs.281.38cr	2% * Rs.281.73cr
	(d). Other Cost	10% of Civil & Equipment Cost	**28.14**	**28.14**	**28.27**
			10% * Rs.281.38cr	10% * Rs.281.38cr	10% * Rs.281.73cr
	(e). Total Capital Cost of the Project (a + b + c + d)		**315.14**	**315.14**	**316.65**

Sr. No.	Particulars	Norms prescribed in the guidelines	Estimates by KPT in its Ist Revised Proposal dated 4.10.2014		Estimates in IInd Revised Proposal of KPT dated 15.11.2014		As considered by TAMP	
III	**Operating Cost Estimation**							
	(a). Power Cost	8 KWH per TEU * Prevailing unit rate	4.06		4.56		4.84	
			8 KWH * Rs.8.46/KWH * 600000TEU's		8 KWH * Rs.9.49/KWH * 600000TEU's		8 KWH * Rs.9.49/KWH * 637728TEU's	
	(b). Fuel	4 litres per TEU * Prevailing unit rate	15.16		15.16		14.82	
			4 litres * Rs.63.15. per litre * 600000TEU's		4 litres * Rs.63.15 per litre * 600000TEU's		4 litres * Rs.58.11 per litre * 637728TEU's	
	(c). Repair & Maintenance							
	(i). Civil Assets	1% of cost of Civil assets	0.77		0.76		0.76	
			1% * 77.09cr [i.e. Rs.68.83 + 8.26 (12% of civil cost towards IT & other cost)]		1% *75.71cr [i.e. Rs.68.83 + 6.88 (10% of civil cost towards other cost)]		1% *75.71cr [i.e. Rs.68.83 cr + 6.88 (10% of civil cost towards other cost)]	
	(ii). Mechanical & Electrical works	2% of cost of Equipments	4.76		6.16		6.19	
			2% *238.06cr [i.e. Rs.212.55 + 25.51 (12% of Mechanical & Electrical cost towards IT & other cost)]		2% * 308.16cr [i.e. Rs.212.55cr + 21.26cr (i.e. 10% of Mechanical & Electrical cost towards other cost)+74.35cr being the diff. between replacement cost of assets to be handed over by KPT assessed by the valuer appointed by the KPT and fair value of assets considered in capex]		2% * 308.16cr [i.e. Rs.212.55cr + 21.26cr (i.e. 10% of Mechanical & Electrical cost towards other cost)+74.35cr being the diff. between replacement cost of assets to be handed over by KPT assessed by the valuer appointed by the KPT and fair value of assets considered in capex]	
	(iii). IT		--		0.11		0.11	
					2% of 5.63		2% of 5.63	
	(d). Insurance	1% of Gross fixed assets	3.15		3.15		3.17	
			1% * Rs.315.14cr		1% * Rs.315.14cr		1% * Rs.315.14cr	
	(e). Depreciation	As per Companies Act or provisions of LA whichever is higher						
	(i). Civil works		2.57		2.53		2.53	
			3.34% of Rs.77.09cr		3.34% of Rs.75.71cr		3.34% of Rs.75.71cr	
	(ii). Mechanical & Electrical works		24.61		24.18		23.53	
			10.34% of Rs.238.06cr		10.34% of Rs.233.80cr [i.e. Rs.212.55cr + 21.26cr (i.e. 10% of Mechanical & Electrical cost towards other cost)]		10% of Rs.233.80cr [i.e. Rs.212.55cr + 21.26cr (i.e. 10% of Mechanical & Electrical cost towards other cost)]	
	(iii). IT		--		0.91		0.94	
					16.21% of Rs 5.63cr		16.67% of Rs 5.63cr	
	(f). License Fee	As per the Rates prescribed in the Scale of Rates of the concerned Port Trusts						
	(i). Land area		7.42		7.42		7.42	
			212034 sq. mtr. * Rs.350.16/ sq. mtr.		212034 sq. mtr. * Rs.350.16/ sq. mtr.		212034 sq. mtr. * Rs.350.16/ sq. mtr.	
	(ii). Water area		0.35		--		--	
			20056 sq. mtr. * Rs.175.08 / sq. mtr.					
	(g). Other Expenses (for terminals having capacity more than 0.5 million TEUs)	10% of Gross fixed assets value	31.51		31.51		31.66	
			10% * Rs.315.14 cr		10% * Rs.315.14 cr		10% * Rs.315.14 cr	
	Total Operating Cost (a to f)		**94.38**		**96.45**		**95.98**	
IV	**Annual Revenue Requirement**							
(a).	**Annual Revenue Requirement ARR**							
	(i). Total Operating Cost		94.38		96.45		95.98	
	(ii). Return on Capital Employed @ 16%		50.42		50.42		50.66	
	(iii). Total Revenue Requirement		**144.80**		**146.87**		**146.64**	
(b).	**Apportionment of Revenue Requirement**	**% of total ARR**						
	(i). Container Handling Charges	90%	90%	130.32	90%	132.19	90%	131.98
	(ii). Storage Charges	7%	7%	10.14	7%	10.28	7%	10.27
	(iii). Miscelleneous Charge	3%	3%	4.34	3%	4.41	3%	4.40
	(iv). Total Revenue Requirement (Rs. in lakhs)		**100%**	**144.80**	**100%**	**146.87**	**100%**	**146.64**

Annex - II

Detailed Tariff Computation as furnished by Kandla Port Trust
Operation and Maintenance of Container Terminal at 11th and 12th Berths on BOT Basis at Kandla Port on "as is where is" basis

SOR Formulation

Traffic Volume Break Up - Assumed for SOR Calculation		
Optimal Capacity	**600000**	**TEUs/Annum**
TEUs	**323077**	**70%**
FEUs	**138462**	**30%**
Total Containers	**461538**	

FEU Rates	**1.5**	times TEU
Foreign	**41.60%**	
Coastal	**58.40%**	

TARIFF COMPUTATION

Sr. No.	Particulars	% of Vol.	Vol. in boxes	Break up of volume		Reference tariff approved in Order No.TAMP/43/2013-KPT dated 04.10.2013 for Tuna Tekra Container Terminal (CT)		Revenue estimate at upfront tariff approved for Tuna tekra for traffic reportedly as per the Feasibility Report for CT at Tuna Tekra	Proposed rate arrived by KPT for Berth nos.11 and 12 applying correction factor of 73.43% for optimal capacity of 6 lacs TEUs	
				20' (in boxes)	40' (in boxes)	Rs./TEU	Rs./FEU	in Rs. Crs.	Rs./TEU	Rs./FEU
1	**Total Containers**		**461,538**	323077	138462					
A.	**Handling Charges:**									
2	**Laden:**	**64.07%**								
(i)	**Foreign**	**41.60%**								
(a)	Normal	59.65%	114,547	80,183	34,364	3755.04	5,632.56	49.46	2,757.22	4,135.84
(b)	ODC	1.56%	2,986	2,090	896	7510.09	11,265.14	2.58	5,514.46	8,271.68
(c)	Hazardous	0.78%	1,493	1,045	448	4694.65	7,041.98	0.81	3,447.15	5,170.73
(d)	Reefer	2.08%	4,001	2,801	1,200	3755.04	5,632.56	1.73	2,757.22	4,135.84
(ii)	**Coastal**	**58.40%**								
(a)	Normal	59.65%	160,778	112,545	48,234	2253.03	3,379.55	41.66	1,654.34	2,481.51
(b)	ODC	1.56%	4,191	2,934	1,257	4506.05	6,759.08	2.17	3,308.67	4,963.01
(c)	Hazardous	0.78%	2,096	1,467	629	2817.13	4,225.70	0.68	2,068.54	3,102.81
(d)	Reefer	2.08%	5,616	3,931	1,685	2253.03	3,379.55	1.46	1,654.34	2,481.51
(iii)	Transhipment	0.00%	-	-	-	4043.89	6,065.84	-	2,969.32	4,453.98
3	**Empty:**	35.93%	165,830	116,081	49,749					
(i)	**Normal including Reefer**	35.06%	161,805	113,263	48,541					
(a)	Foreign	41.60%	67,317	47,122	20,195	3032.92	4,549.38	23.48	2,226.99	3,340.49
(b)	Coastal	58.40%	94,487	66,141	28,346	1819.75	2,729.63	19.77	1,336.19	2,004.29
(ii)	**ODC**	0.87%	4,025	2,817	1,207					
(a)	Foreign	41.60%	1,675	1,172	502	6065.83	9,098.75	1.17	4,453.97	6,680.96
(b)	Coastal	58.40%	2,350	1,645	705	3639.5	5,459.25	0.98	2,672.39	4,008.58
4	**Transport to rail flat from Container Yard and vice versa for lift on / lift off of Rail borne container cargo**	**4.10%**	18,920	13,244	5,676				-	-
(i)	Laden	**64.07%**	**12,122**	**8,485**	**3,637**				-	-
(a)	Normal and Reefer	61.74%	**11,681**	8,176	3,504	1877.52	2,816.28	2.52	1,378.61	2,067.92
(b)	Hazardous	0.78%	**147**	103	44	2346.48	3,519.72	0.04	1,722.96	2,584.43
(c)	ODC	1.56%	**294**	206	88	3755.04	5,632.56	0.13	2,757.22	4,135.84
(ii)	Empty	**35.93%**	**6,798**	**4,758**	**2,039**	1877.52	2,816.28	1.47	1,378.61	2,067.92

Sr. No.	Particulars	% of Vol.	Vol. in boxes	Break up of volume		Reference tariff approved in Order No.TAMP/43/2013-KPT dated 04.10.2013 for Tuna Tekra Container Terminal (CT)		Revenue estimate at upfront tariff approved for Tuna tekra for traffic reportedly as per the Feasibility Report for CT at Tuna Tekra	Proposed rate arrived by KPT for Berth nos.11 and 12 applying correction factor of 73.43% for optimal capacity of 6 lacs TEUs	
				20' (in boxes)	40' (in boxes)	Rs./TEU	Rs./FEU	in Rs. Crs.	Rs./TEU	Rs./FEU
5	**From Container yard to Truck or vice versa (direct delivery and export intake)**	**95.90%**	442,619	309,833	132,786				-	-
(i)	Laden	**64.07%**	**283,587**	**198,511**	**85,076**				-	-
(a)	Normal and Reefer	61.74%	273,262	191,283	81,979	577.7	866.55	18.15	424.19	636.28
(b)	Hazardous	0.78%	3,442	2,409	1,032	722.12	1,083.18	0.29	530.23	795.35
(c)	ODC	1.56%	6,883	4,818	2,065	1155.4	1,733.10	0.91	848.38	1,272.57
(ii)	Empty	**35.93%**	**159,032**	**111,322**	**47,710**	577.7	866.55	10.57	424.19	636.28
6	**Total revenue estimated from Container Handling Charges at the rate approved for Tuna Tekra Container Terminal as furnished by KPT**							**180.02**		
7	Revenue Requirement from Handling charge as estimated by KPT							**132.19**		
8	Correction Factor for Rates of Services (to be multiplied to above rates) arrived by KPT							**73.43%**		
	Tariff arrived for Miscellaneous Services applying the correction factor of 73.43% arrived for handling charge					**Per Box Rate**			**Per Box Rate**	
B.	**Miscellaneous Services**									
9. (i)	**Hatch cover handling**-Without landing on quay									
(a)	Foreign					4225.48				3,102.66
(b)	Coastal					2535.29				1,861.59
(ii)	With landing on quay									-
(a)	Foreign					1689.94				1,240.88
(b)	Coastal					1013.97				744.53
						Rs./TEU	**Rs./FEU**		**Rs./TEU**	**Rs./FEU**
10	**Shifting of Containers**								-	
(i)	Containers shifted from one yard to another yard within the terminal for the purpose of custom inspection or any other purpose and subsequent loading of containers for delivery.					2432.46	3,648.69		1,786.09	2,679.13
(ii)	Containers stacked in designated yard for custom examination or for any other purpose by prior arrangement.					286.1	429.15		210.08	315.11
11	**Restow handling**								-	
(i)	**Hatch to Hatch (involving one move only)**								-	
(a)	Foreign					1408.3	2,112.45		1,034.08	1,551.11
(b)	Coastal					844.98	1,267.47		620.45	930.67
(ii)	**Other than that mentioned in (i)**								-	
(a)	Foreign					5633.77	8,450.66		4,136.72	6,205.09
(b)	Coastal					3380.26	5,070.39		2,482.03	3,723.05
12	**Reefer Containers - Electricity connection, monitoring & Disconnection**					281.66	422.49		206.82	310.22

ANNEX - III

Detailed computation of tariff for Container Terminal at Berth nos.11 and 12 as furnished by the KPT and modified by TAMP

Particulars	Considered by KPT		Considered by TAMP	
Optimal Capacity	600000	TEUs/Annum	637728	TEUs/Annum
TEUs	323077	70%	343392	70%
FEUs	138462	30%	147168	30%
Total Containers	461538		490560	

Volume Break Up - Assumed for SOR Calculation as furnished by KPT and considered by TAMP		
FEU Rates	1.5	times TEU
Foreign	41.60%	
Coastal	58.40%	

TARIFF COMPUTATION

Sr. No.	Particulars	% of Vol.	Vol. in boxes	Break up of volume		Reference tariff approved in Order No.TAMP/43/2013-KPT dated 04.10.2013 for Tuna Tekra Container Terminal (CT)		Revenue estimate at upfront tariff approved for Tuna tekra for traffic reportedly as per the Feasibility Report for CT at Tuna Tekra	Proposed rate arrived by KPT for Berth nos.11 and 12 applying correction factor of 73.43% for optimal capacity of 6 lacs TEUs		Rate derived by TAMP applying correction factor of 68.70% for optimal capacity of 6,37,728 TEUs		Cross check of Revenue Estimates at rates approved by TAMP		
				20' (in boxes)	40' (in boxes)	Rs./TEU	Rs./FEU	in Rs. Crs.	Rs./TEU	Rs./FEU	Rs./TEU	Rs/ FEU	Rs. in crores for 20'	Rs. in crores for 40'	Total
1	**Total Containers**		**490,560**	343392	147168										
	1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**
A.	**Handling Charges:**			=3*70%	=3*30%		=6*1.5times	9=((4*6)+(5*7))/10^7					=4*11/10^7	=5*12/10^7	=13+14
2	**Laden:**	**64.07%**													
(i)	**Foreign**	**41.60%**													
(a)	Normal	59.65%	121,749	85,224	36,525	3,755.04	5,632.56	52.57	2,757.22	4,135.84	2,590.23	3,885.34	22.08	14.19	36.27
(b)	ODC	1.56%	3,174	2,222	952	7,510.09	11,265.14	2.74	5,514.46	8,271.68	5,180.46	7,770.69	1.15	0.74	1.89
(c)	Hazardous	0.78%	1,587	1,111	476	4,694.65	7,041.98	0.86	3,447.15	5,170.73	3,238.37	4,857.55	0.36	0.23	0.59
(d)	Reefer	2.08%	4,253	2,977	1,276	3,755.04	5,632.56	1.84	2,757.22	4,135.84	2,590.23	3,885.34	0.77	0.50	1.27
(ii)	**Coastal**	**58.40%**							-	-			-	-	-
(a)	Normal	59.65%	170,888	119,622	51,266	2,253.03	3,379.55	44.28	1,654.34	2,481.51	1,554.14	2,331.21	18.59	11.95	30.54
(b)	ODC	1.56%	4,455	3,118	1,336	4,506.05	6,759.08	2.31	3,308.67	4,963.01	3,108.27	4,662.41	0.97	0.62	1.59
(c)	Hazardous	0.78%	2,227	1,559	668	2,817.13	4,225.70	0.72	2,068.54	3,102.81	1,943.26	2,914.88	0.30	0.19	0.50
(d)	Reefer	2.08%	5,970	4,179	1,791	2,253.03	3,379.55	1.55	1,654.34	2,481.51	1,554.14	2,331.21	0.65	0.42	1.07
(iii)	Transhipment	0.00%	-	-	-	4,043.89	6,065.84	-	2,969.32	4,453.98	2,789.48	4,184.21	-	-	-
3	**Empty:**	35.93%	176,257	123,380	52,877				-	-			-	-	-
(i)	**Normal including Reefer**	35.06%	171,979	120,385	51,594				-	-			-	-	-
(a)	Foreign	41.60%	71,550	50,085	21,465	3,032.92	4,549.38	24.96	2,226.99	3,340.49	2,092.11	3,138.16	10.48	6.74	17.21
(b)	Coastal	58.40%	100,429	70,300	30,129	1,819.75	2,729.63	21.02	1,336.19	2,004.29	1,255.26	1,882.90	8.82	5.67	14.50
(ii)	**ODC**	0.87%	4,278	2,995	1,283				-	-			-	-	-
(a)	Foreign	41.60%	1,780	1,246	534	6,065.83	9,098.75	1.24	4,453.97	6,680.96	4,184.21	6,276.31	0.52	0.34	0.86
(b)	Coastal	58.40%	2,498	1,749	749	3,639.50	5,459.25	1.05	2,672.39	4,008.58	2,510.53	3,765.79	0.44	0.28	0.72
4	**Transport to rail flat from Container Yard and vice versa for lift on / lift off of Rail borne container cargo**	**4.10%**	20,109	14,077	6,033										
(i)	Laden	**64.07%**	**12,884**	**9,019**	**3,865**										
(a)	Normal and Reefer	61.74%	**12,415**	8,691	3,725	1,877.52	2,816.28	2.68	1,378.61	2,067.92	1,295.11	1,942.67	1.13	0.72	1.85
(b)	Hazardous	0.78%	**156**	109	47	2,346.48	3,519.72	0.04	1,722.96	2,584.43	1,618.60	2,427.90	0.02	0.01	0.03
(c)	ODC	1.56%	**313**	219	94	3,755.04	5,632.56	0.14	2,757.22	4,135.84	2,590.23	3,885.34	0.06	0.04	0.09
(ii)	Empty	**35.93%**	**7,225**	**5,058**	**2,168**	1,877.52	2,816.28	1.56	1,378.61	2,067.92	1,295.11	1,942.67	0.66	0.42	1.08

Sr. No.	Particulars	% of Vol.	Vol. in boxes	Break up of volume		Reference tariff approved in Order No.TAMP/43/2013-KPT dated 04.10.2013 for Tuna Tekra Container Terminal (CT)		Revenue estimate at upfront tariff approved for Tuna tekra for traffic reportedly as per the Feasibility Report for CT at Tuna Tekra	Proposed rate arrived by KPT for Berth nos.11 and 12 applying correction factor of 73.43% for optimal capacity of 6 lacs TEUs		Rate derived by TAMP applying correction factor of 68.70% for optimal capacity of 6,37,728 TEUs		Cross check of Revenue Estimates at TAMP rates approved		
				20' (in boxes)	40' (in boxes)	Rs./TEU	Rs./FEU	in Rs. Crs.	Rs./TEU	Rs./FEU	Rs./TEU	Rs/ FEU	Rs. in crores for 20'	Rs. in crores for 40'	Total
5	**From Container yard to Truck or vice versa (direct delivery and export intake)**	**95.90%**	470,451	329,315	141,135										
(i)	Laden	**64.07%**	**301,419**	**210,993**	**90,426**										
(a)	Normal and Reefer	61.74%	290,445	203,311	87,133	577.70	866.55	19.30	424.19	636.28	398.50	597.75	8.10	5.21	13.31
(b)	Hazardous	0.78%	3,658	2,561	1,097	722.12	1,083.18	0.30	530.23	795.35	498.12	747.18	0.13	0.08	0.21
(c)	ODC	1.56%	7,316	5,121	2,195	1,155.40	1,733.10	0.97	848.38	1,272.57	796.99	1,195.49	0.41	0.26	0.67
(ii)	Empty	**35.93%**	**169,032**	**118,322**	**50,710**	577.70	866.55	11.23	424.19	636.28	398.50	597.75	4.72	3.03	7.75
6	**Total revenue estimated from Container Handling Charges at the rate approved for Tuna Tekra Container Terminal**							**191.34**					80.34	51.65	**131.99**
7	Revenue Requirement from Handling charge as estimated by TAMP (Refer Sl. No. (IV) (b) (i) in Annex - II)							**131.98**							
8	**Correction Factor for Rates arrived by TAMP following the approach of the KPT as against 73.43% by KPT**							**68.98%**							

Tariff arrived for Miscellaneous Services applying the correction factor of 68.98% arrived for handling charge

B.	**Miscellaneous Services**														
						Per Box Rate			**Per Box Rate**		**Per Box Rate**				
9. (i)	**Hatch cover handling-** Without landing on quay														
(a)	Foreign						4,225.48			3,102.66		2,914.74			
(b)	Coastal						2,535.29			1,861.59		1,748.84			
(ii)	With landing on quay									-		-			
(a)	Foreign						1,689.94			1,240.88		1,165.72			
(b)	Coastal						1,013.97			744.53		699.44			
						Rs./TEU	**Rs./FEU**		**Rs./TEU**	**Rs./FEU**	**Rs./TEU**	**Rs./FEU**			
10	**Shifting of Containers**								-		-				
(i)	Containers shifted from one yard to another yard within the terminal for the purpose of custom inspection or any other purpose and subsequent loading of containers for delivery.					2,432.46	3,648.69		1,786.09	2,679.13	1,677.91	2,516.87	No detailed Revenue estimation furnished by KPT. Hence not possible to cross check. The approach adopted by KPT of applying Correction Factor of handling charges is applied misc. services as done by the KPT.		
(ii)	Containers stacked in designated yard for custom examination or for any other purpose by prior arrangement.					286.10	429.15		210.08	315.11	197.35	296.03			
11	**Restow handling**														
(i)	**Hatch to Hatch (involving one move only)**														
(a)	Foreign					1,408.30	2,112.45		1,034.08	1,551.11	971.45	1,457.17			
(b)	Coastal					844.98	1,267.47		620.45	930.67	582.87	874.30			
(ii)	**Other than that mentioned in (i)**								-	-	-	-			
(a)	Foreign					5,633.77	8,450.66		4,136.72	6,205.09	3,886.17	5,829.26			
(b)	Coastal					3,380.26	5,070.39		2,482.03	3,723.05	2,331.70	3,497.56			
12	**Reefer Containers - Electricity connection, monitoring & Disconnection**					281.66	422.49		206.82	310.22	194.29	291.43			

STORAGE CHARGE COMPUTATION

		Reference tariff approved in Order No.TAMP/43/2013-KPT dated 04.10.2013 for Tuna Tekra Container Terminal Reference tariff approved in Order No.TAMP/43/2013-KPT dated 04.10.2013 for Tuna Tekra Container Terminal			Proposed rate arrived by KPT for Berth nos.11 and 12 applying correction factor of 73.43% as arrived for Handling Charge			Rate derived by TAMP applying correction factor of 68.98% as arrived for Handling Charge		
Sl. No.	**Particulars**	**Rate per container per day or part thereof (in `)**			**Rate per container per day or part thereof (in `)**			**Rate per container per day or part thereof (in `)**		
		Upto 20' in length	**Over 20' to upto 40' in length**	**Above 40' in length**	**Upto 20' in length**	**Over 20' to upto 40' in length**	**Above 40' in length**	**Upto 20' in length**	**Over 20' to upto 40' in length**	**Above 40' in length**
1	Non-ICD/ CFS Import - loaded									
	First 2 days	**Free**	**Free**	**Free**	**Free**	**Free**	**Free**	**Free**	**Free**	**Free**
	3-6 days	459.19	918.37	1377.56	337.17	674.33	1011.50	316.75	633.49	950.24
	7-9 days	546.23	1092.46	1638.69	401.08	802.16	1203.25	376.79	753.58	1130.37
	10-12 days	649.67	1299.35	1949.02	477.04	954.08	1431.11	448.14	896.29	1344.43
	13-15 days	772.04	1544.08	2316.11	566.89	1133.78	1700.66	532.55	1065.11	1597.65
	16-18 days	917.11	1834.22	2751.33	673.41	1346.82	2020.23	632.62	1265.24	1897.87
	19-22 days	1091.2	2182.4	3273.59	801.24	1602.48	2403.71	752.71	1505.42	2258.12
	23-26 days	1298.08	2596.17	3894.25	953.14	1906.30	2859.44	895.42	1790.84	2686.25
	27-30 days	1542.81	3085.63	4628.44	1132.84	2265.69	3398.54	1064.23	2128.47	3192.70
	Thereafter	1835.48	3670.97	5506.45	1347.74	2695.49	4043.24	1266.11	2532.24	3798.35
2	Non-ICD/ CFS Import - Empty									
	First 2 days	**Free**	**Free**	**Free**	**Free**	**Free**	**Free**	**Free**	**Free**	**Free**
	3-6 days	459.19	918.37	1377.56	337.17	674.33	1011.50	316.75	633.49	950.24
	7-9 days	546.23	1092.46	1638.69	401.08	802.16	1203.25	376.79	753.58	1130.37
	10-12 days	649.67	1299.35	1949.02	477.04	954.08	1431.11	448.14	896.29	1344.43
	13-15 days	772.04	1544.08	2316.11	566.89	1133.78	1700.66	532.55	1065.11	1597.65
	16-18 days	917.11	1834.22	2751.33	673.41	1346.82	2020.23	632.62	1265.24	1897.87
	19-22 days	1091.2	2182.4	3273.59	801.24	1602.48	2403.71	752.71	1505.42	2258.12
	23-26 days	1298.08	2596.17	3894.25	953.14	1906.30	2859.44	895.42	1790.84	2686.25
	27-30 days	1542.81	3085.63	4628.44	1132.84	2265.69	3398.54	1064.23	2128.47	3192.70
	Thereafter	1835.48	3670.97	5506.45	1347.74	2695.49	4043.24	1266.11	2532.24	3798.35
3	Non-ICD/ CFS Export - Loaded									
	First 3 days	**Free**	**Free**	**Free**	**Free**	**Free**	**Free**	**Free**	**Free**	**Free**
	4-6 days	459.19	918.37	1377.56	337.17	674.33	1011.50	316.75	633.49	950.24
	7-9 days	546.23	1092.46	1638.69	401.08	802.16	1203.25	376.79	753.58	1130.37
	10-12 days	649.67	1299.35	1949.02	477.04	954.08	1431.11	448.14	896.29	1344.43
	13-15 days	772.04	1544.08	2316.11	566.89	1133.78	1700.66	532.55	1065.11	1597.65
	16-18 days	917.11	1834.22	2751.33	673.41	1346.82	2020.23	632.62	1265.24	1897.87
	19-22 days	1091.2	2182.4	3273.59	801.24	1602.48	2403.71	752.71	1505.42	2258.12
	23-26 days	1298.08	2596.17	3894.25	953.14	1906.30	2859.44	895.42	1790.84	2686.25
	27-30 days	1542.81	3085.63	4628.44	1132.84	2265.69	3398.54	1064.23	2128.47	3192.70
	Thereafter	1835.48	3670.97	5506.45	1347.74	2695.49	4043.24	1266.11	2532.24	3798.35
4	Non-ICD/ CFS Export - Empty									
	First 3 days	**Free**	**Free**	**Free**	**Free**	**Free**	**Free**	**Free**	**Free**	**Free**
	4-6 days	459.19	918.37	1377.56	337.17	674.33	1011.50	316.75	633.49	950.24
	7-9 days	546.23	1092.46	1638.69	401.08	802.16	1203.25	376.79	753.58	1130.37
	10-12 days	649.67	1299.35	1949.02	477.04	954.08	1431.11	448.14	896.29	1344.43
	13-15 days	772.04	1544.08	2316.11	566.89	1133.78	1700.66	532.55	1065.11	1597.65
	16-18 days	917.11	1834.22	2751.33	673.41	1346.82	2020.23	632.62	1265.24	1897.87
	19-22 days *****	1091.2	2182.4	**33273.59**	801.24	1602.48	**24431.89**	752.71	1505.42	**2258.12**
	23-26 days	1298.08	2596.17	3894.25	953.14	1906.30	2859.44	895.42	1790.84	2686.25
	27-30 days	1542.81	3085.63	4628.44	1132.84	2265.69	3398.54	1064.23	2128.47	3192.70
	Thereafter	1835.48	3670.97	5506.45	1347.74	2695.49	4043.24	1266.11	2532.24	3798.35
5	CFS Import loaded - moved by road									
	First 2 days	**Free**	**Free**	**Free**	**Free**	**Free**	**Free**	**Free**	**Free**	**Free**
	3-6 days	459.19	918.37	1377.56	337.17	674.33	1011.50	316.75	633.49	950.24
	7-9 days	546.23	1092.46	1638.69	401.08	802.16	1203.25	376.79	753.58	1130.37
	10-12 days	649.67	1299.35	1949.02	477.04	954.08	1431.11	448.14	896.29	1344.43
	13-15 days	772.04	1544.08	2316.11	566.89	1133.78	1700.66	532.55	1065.11	1597.65
	16-18 days	917.11	1834.22	2751.33	673.41	1346.82	2020.23	632.62	1265.24	1897.87
	19-22 days	1091.2	2182.4	3273.59	801.24	1602.48	2403.71	752.71	1505.42	2258.12
	23-26 days	1298.08	2596.17	3894.25	953.14	1906.30	2859.44	895.42	1790.84	2686.25
	27-30 days	1542.81	3085.63	4628.44	1132.84	2265.69	3398.54	1064.23	2128.47	3192.70
	Thereafter	1835.48	3670.97	5506.45	1347.74	2695.49	4043.24	1266.11	2532.24	3798.35

6	CFS Import empty - moved by road									
	First 2 days	**Free**	**Free**	**Free**	**Free**	**Free**	**Free**	**Free**	**Free**	**Free**
	3-6 days	459.19	918.37	1377.56	337.17	674.33	1011.50	316.75	633.49	950.24
	7-9 days	546.23	1092.46	1638.69	401.08	802.16	1203.25	376.79	753.58	1130.37
	10-12 days	649.67	1299.35	1949.02	477.04	954.08	1431.11	448.14	896.29	1344.43
	13-15 days	772.04	1544.08	2316.11	566.89	1133.78	1700.66	532.55	1065.11	1597.65
	16-18 days	917.11	1834.22	2751.33	673.41	1346.82	2020.23	632.62	1265.24	1897.87
	19-22 days	1091.2	2182.4	3273.59	801.24	1602.48	2403.71	752.71	1505.42	2258.12
	23-26 days	1298.08	2596.17	3894.25	953.14	1906.30	2859.44	895.42	1790.84	2686.25
	27-30 days	1542.81	3085.63	4628.44	1132.84	2265.69	3398.54	1064.23	2128.47	3192.70
	Thereafter	1835.48	3670.97	5506.45	1347.74	2695.49	4043.24	1266.11	2532.24	3798.35
7	CFS Export loaded - moved by road									
	First 3 days	**Free**	**Free**	**Free**	**Free**	**Free**	**Free**	**Free**	**Free**	**Free**
	4-6 days	459.19	918.37	1377.56	337.17	674.33	1011.50	316.75	633.49	950.24
	7-9 days	546.23	1092.46	1638.69	401.08	802.16	1203.25	376.79	753.58	1130.37
	10-12 days	649.67	1299.35	1949.02	477.04	954.08	1431.11	448.14	896.29	1344.43
	13-15 days	772.04	1544.08	2316.11	566.89	1133.78	1700.66	532.55	1065.11	1597.65
	16-18 days	917.11	1834.22	2751.33	673.41	1346.82	2020.23	632.62	1265.24	1897.87
	19-22 days	1091.2	2182.4	3273.59	801.24	1602.48	2403.71	752.71	1505.42	2258.12
	23-26 days	1298.08	2596.17	3894.25	953.14	1906.30	2859.44	895.42	1790.84	2686.25
	27-30 days	1542.81	3085.63	4628.44	1132.84	2265.69	3398.54	1064.23	2128.47	3192.70
	Thereafter	1835.48	3670.97	5506.45	1347.74	2695.49	4043.24	1266.11	2532.24	3798.35
8	CFS Export empty - moved by road									
	First 3 days	**Free**	**Free**	**Free**	**Free**	**Free**	**Free**	**Free**	**Free**	**Free**
	4-6 days	459.19	918.37	1377.56	337.17	674.33	1011.50	316.75	633.49	950.24
	7-9 days	546.23	1092.46	1638.69	401.08	802.16	1203.25	376.79	753.58	1130.37
	10-12 days	649.67	1299.35	1949.02	477.04	954.08	1431.11	448.14	896.29	1344.43
	13-15 days	772.04	1544.08	2316.11	566.89	1133.78	1700.66	532.55	1065.11	1597.65
	16-18 days	917.11	1834.22	2751.33	673.41	1346.82	2020.23	632.62	1265.24	1897.87
	19-22 days	1091.2	2182.4	3273.59	801.24	1602.48	2403.71	752.71	1505.42	2258.12
	23-26 days	1298.08	2596.17	3894.25	953.14	1906.30	2859.44	895.42	1790.84	2686.25
	27-30 days	1542.81	3085.63	4628.44	1132.84	2265.69	3398.54	1064.23	2128.47	3192.70
	Thereafter	1835.48	3670.97	5506.45	1347.74	2695.49	4043.24	1266.11	2532.24	3798.35
9	ICD Import and Export loaded or empty - moved by rail									
	First 5 days	**Free**	**Free**	**Free**	**Free**	**Free**	**Free**	**Free**	**Free**	**Free**
	6-15 days	917.11	1834.22	2751.33	673.41	1346.82	2020.23	632.62	1265.24	1897.87
	16-30 days	1835.48	3670.97	5506.45	1347.74	2695.49	4043.24	1266.11	2532.24	3798.35
	Thereafter	3670.97	7341.93	11012.9	2695.49	5390.98	8086.47	2532.24	5064.46	7596.70
10	Transhipment - Loaded									
	First 15 days	**Free**	**Free**	**Free**	**Free**	**Free**	**Free**	**Free**	**Free**	**Free**
	16-30 days	1835.48	3670.97	5506.45	1347.74	2695.49	4043.24	1266.11	2532.24	3798.35
	Thereafter	3670.97	7341.93	11012.9	2695.49	5390.98	8086.47	2532.24	5064.46	7596.70
11	Transhipment - Empty									
	First 7 days	**Free**	**Free**	**Free**	**Free**	**Free**	**Free**	**Free**	**Free**	**Free**
	8-15 days	1091.2	2182.4	3273.59	801.24	1602.48	2403.71	752.71	1505.42	2258.12
	Thereafter	3670.97	7341.93	11012.9	2695.49	5390.98	8086.47	2532.24	5064.46	7596.70

Note: * The rate for above 40' container at Sr. No. 4 of the slab 19-22 days in the Order No.TAMP/43/2013-KPT dated 04.10.2013 at Tuna Tekra shows typographical error. The rate approved by TAMP is arrived by considering the correct rate of Tuna Tekra which should be Rs.3273.59 instead of Rs.33273.59 and applying correction factor of 68.98% and approved rate comes to Rs.2258.12

Annex - IV

KANDLA PORT TRUST

Reference Tariff Schedule for Operation and Maintenance of Container Terminal at 11th and 12th Berths on BOT Basis at Kandla Port on "as is where is" basis

CHAPTER 1 – DEFINITIONS & GENERAL TERMS & CONDITIONS

1.1. DEFINITIONS – GENERAL

(i). **"Coastal vessel"** shall mean any vessel exclusively employed in trading between any port or place in India to any other port or place in India having a valid coastal licence issued by the competent authority.

(ii). **"Foreign-going vessel"** shall mean any vessel other than Coastal vessel.

(iii). **"FCL"** means Containers said to contain Full Container Load.

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

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

(vi). **"Import container"** means a container discharged from one vessel, stored in container yard and transported out through Road or Train.

(vii). **"Export container"** means a container arrived by road or Train, stored in container yard and loaded on the assigned vessel.

(viii). **"Port area"** means the custom bound area / Port operational Area of the Port.

(ix). **"Normal Container"** shall mean general type containers, not falling under special categories mentioned subsequently.

(x). **"Reefer Container"** shall mean a refrigerated container used for carriage of perishable goods with provision for electrical supply to maintain the desired temperature.

(xi). **"Hazardous Container"** shall mean a container containing hazardous goods as classified under IMO.

(xii). **"Transhipment Container"** shall mean a container, which is discharged from one vessel, stored in the yard and transported through other vessel.

(xiii). **"Over dimensional Container"** shall mean a container carrying over dimensional cargo beyond the normal size of standard container and needing special devices like slings, shackles, lifting beam etc. They also include damaged containers and other types which require special devices.

(xiv). **"Shut out Container"** shall mean a container which enters into the port as an export intake for a particular vessel (as indicated by the Vessel Identification Advice Number, i.e. VIA No.) and is not connected to the particular vessel for reasons whatsoever, then the container is termed to be a shutout container.

(xv). **"Back To Town Container"** shall mean a container entering the port for export but unable to be exported for whatever reason and taken back to town.

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

1.2. GENERAL TERMS & CONDITIONS

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

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

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

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

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

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

(iii). Vessel related charges shall be levied on Shipowners/Steamer Agents.

(iv). (a). The Vessel related charges for all Coastal vessels should not exceed 60% of the corresponding charges for other vessels.

(b). The container related charges for all Coastal should not exceed 60% of the normal container related charges.

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

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

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

(v). Interest on delayed payments / refunds:

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

(b). The rate of penal interest will be 2% above the Prime Lending Rate of State Bank of India (SBI). The penal interest rate will apply to both the operator and the port users equally.

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

(d). The delay in payments by the users will be counted only 10 days after the date of raising the bills by the operator. This provision shall, however, not apply to the cases where payment is to be made before availing the services / use of Port Trust's properties as stipulated in the Major Port Trust Act and / or where payment of charges in advance is prescribed as a condition in this Scale of Rates.

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

(vii). (a). The rates prescribed in this Scale of Rates are ceiling levels; likewise, rebates and discounts are floor levels. The operator may, if he so desires, charge lower rates and / or allow higher rebates and discounts.

(b). The Operator may also, if it so desires, rationalize the prescribed conditionalities governing the application of rates prescribed in the Scale of Rates if such rationalization gives relief to the user in rate per unit and the unit rates prescribed in the Scale of Rates do not exceed the ceiling levels. Provided that the operator should notify the public such lower rates and / or rationalization of the conditionalities governing the application of such rates and continue to notify the public any further changes in such lower rates and / or in the conditionalities governing the application of such rates provided the new rates fixed shall not exceed the rates notified by the TAMP.

(viii). The users will not be required to pay charges for delays beyond a reasonable level attributable to the operator.

CHAPTER 2 – VESSEL RELATED CHARGES

Vessel Related Charges shall continue being collected by Kandla Port Trust as per the terms and conditions of Scale of Rates of KPT as revised from time to time.

CHAPTER 3 – CHARGES FOR SERVICES RENDERED TO CONTAINERS AND CONTAINERIZED CARGO

GENERAL TERMS AND CONDITIONS:

(i). A container originally declared as transhipment container, subsequently moved by rail or road will lose its identity as a transhipment container and shall be treated as a normal import container and prescribed charges as applicable shall be payable.

(ii). Containers less than and up to 20' will be reckoned as one TEU (Twenty Equivalent Unit) and more then 20' and up to 40' will be reckoned as one FEU (Forty Equivalent Unit) for the purpose of tariff.

(iii). All charges for containers more than 20' in length and upto 40' in length will be 150 per cent of the applicable charges prescribed.

(iv). Containers other than that of standard size requiring special devices/slings/handling will be charged twice the applicable rates. Such containers will also include damaged containers and any other type requiring special devices.

3.1. CHARGES FOR HANDLING AND MOVEMENT OF CONTAINERS:

The following consolidated charges for handling and movement of container shall be payable by the Shipping Lines or Agents of vessels or cargo agents for services rendered in respect of containers and containerised cargo passing through the port.

A. Normal Containers

Sl. No.	Description	Rate per TEU (in `)			
		Foreign Container		Coastal Container	
		Loaded	Empty	Loaded	Empty
1	From Ship to container yard or vice versa	2590.23	2092.11	1554.14	1255.26
2	From container yard to Railway flat or vice versa (ICD Container Rail only)	1295.11	1295.11	1295.11	1295.11
3	From Container yard to Truck or vice versa (direct delivery and export intake)	398.50	398.50	398.50	398.50

B. Reefer Containers

Sl. No.	Description	Rate per TEU (in `)			
		Foreign Container		Coastal Container	
		Loaded	Empty	Loaded	Empty
1	From Ship to container yard or vice versa	2590.23	2092.11	1554.14	1255.26
2	From container yard to Railway flat or vice versa (ICD Container Rail only)	1295.11	1295.11	1295.11	1295.11
3	From Container yard to Truck or vice versa (direct delivery and export intake)	398.50	398.50	398.50	398.50

C. Hazardous Containers

Sl. No.	Description	Rate per TEU (in `)	
		Foreign Container	Coastal Container
		Loaded	Loaded
1	From Ship to container yard or vice versa	3238.37	1943.26
2	From Container yard to Railway flat or vice versa (ICD Container Rail only)	1618.60	1618.60
3	From Container yard to Truck or vice versa (direct delivery and export intake).	498.12	498.12

D. Transhipment Containers

Sl. No.	Description	Rate per TEU (in `)			
		Foreign Container		Coastal Container	
		Loaded	Empty	Loaded	Empty
1	1 – 3000 TEUs	2988.72	2590.23	1793.23	1554.14
2	3001 – 6000 TEUs	2789.48	2390.98	1673.68	1434.59
3	6001 – 9000 TEUs	2590.23	2191.73	1554.14	1315.03
4	Thereafter	2390.98	1992.48	1434.59	1195.49

Notes:

(1). Rate is based on total TEUs brought by the Shipping Lines or agents in the same financial year.

(2). A container originally declared as transhipment container, subsequently moved by rail or road will lose its identity as a transhipment container and shall be treated as a normal import container and prescribed charges as applicable shall be payable.

E. Over Dimensional Cargo Containers

Sl. No.	Description	Rate per TEU (in `)			
		Foreign Container		Coastal Container	
		Loaded	Empty	Loaded	Empty
1	From Ship to container yard or vice versa	5180.46	4184.21	3108.27	2510.53
2	From container yard to Railway flat or vice versa (ICD Container Rail only)	2590.23	2590.23	2590.23	2590.23
3	From Container yard to Truck or vice versa (direct delivery and export intake)	796.99	796.99	796.99	796.99

Note: The consolidated charges as above include the following elements, viz. stevedoring, use of Gantry crane, use of transfer crane, wharfage on tare weight of containers, wharfage on containerized cargo, transportation and contribution towards railway infrastructure.

3.2. DWELL TIME CHARGES FOR CONTAINER, STORED IN THE PORT PREMISES:

Sl. No.	Particulars	Rate per container per day or part thereof (in `)		
		Upto 20' in length	Over 20' to upto 40' in length	Above 40' in length
1	Non-ICD/ CFS Import - loaded			
	First 2 days	**Free**	**Free**	**Free**
	3-6 days	316.75	633.49	950.24
	7-9 days	376.79	753.58	1130.37
	10-12 days	448.14	896.29	1344.43
	13-15 days	532.55	1065.11	1597.65
	16-18 days	632.62	1265.24	1897.87
	19-22 days	752.71	1505.42	2258.12
	23-26 days	895.42	1790.84	2686.25
	27-30 days	1064.23	2128.47	3192.70
	Thereafter	1266.11	2532.24	3798.35
2	Non-ICD/ CFS Import - Empty			
	First 2 days	**Free**	**Free**	**Free**
	3-6 days	316.75	633.49	950.24
	7-9 days	376.79	753.58	1130.37
	10-12 days	448.14	896.29	1344.43
	13-15 days	532.55	1065.11	1597.65
	16-18 days	632.62	1265.24	1897.87
	19-22 days	752.71	1505.42	2258.12
	23-26 days	895.42	1790.84	2686.25
	27-30 days	1064.23	2128.47	3192.70
	Thereafter	1266.11	2532.24	3798.35
3	Non-ICD/ CFS Export - Loaded			
	First 3 days	**Free**	**Free**	**Free**
	4-6 days	316.75	633.49	950.24
	7-9 days	376.79	753.58	1130.37
	10-12 days	448.14	896.29	1344.43
	13-15 days	532.55	1065.11	1597.65
	16-18 days	632.62	1265.24	1897.87
	19-22 days	752.71	1505.42	2258.12
	23-26 days	895.42	1790.84	2686.25
	27-30 days	1064.23	2128.47	3192.70
	Thereafter	1266.11	2532.24	3798.35

Sl. No.	Particulars	Rate per container per day or part thereof (in `)		
		Upto 20' in length	**Over 20' to upto 40' in length**	**Above 40' in length**
4	Non-ICD/ CFS Export - Empty			
	First 3 days	**Free**	**Free**	**Free**
	4-6 days	316.75	633.49	950.24
	7-9 days	376.79	753.58	1130.37
	10-12 days	448.14	896.29	1344.43
	13-15 days	532.55	1065.11	1597.65
	16-18 days	632.62	1265.24	1897.87
	19-22 days	752.71	1505.42	**2258.12**
	23-26 days	895.42	1790.84	2686.25
	27-30 days	1064.23	2128.47	3192.70
	Thereafter	1266.11	2532.24	3798.35
5	CFS Import loaded - moved by road			
	First 2 days	**Free**	**Free**	**Free**
	3-6 days	316.75	633.49	950.24
	7-9 days	376.79	753.58	1130.37
	10-12 days	448.14	896.29	1344.43
	13-15 days	532.55	1065.11	1597.65
	16-18 days	632.62	1265.24	1897.87
	19-22 days	752.71	1505.42	2258.12
	23-26 days	895.42	1790.84	2686.25
	27-30 days	1064.23	2128.47	3192.70
	Thereafter	1266.11	2532.24	3798.35
6	CFS Import empty - moved by road			
	First 2 days	**Free**	**Free**	**Free**
	3-6 days	316.75	633.49	950.24
	7-9 days	376.79	753.58	1130.37
	10-12 days	448.14	896.29	1344.43
	13-15 days	532.55	1065.11	1597.65
	16-18 days	632.62	1265.24	1897.87
	19-22 days	752.71	1505.42	2258.12
	23-26 days	895.42	1790.84	2686.25
	27-30 days	1064.23	2128.47	3192.70
	Thereafter	1266.11	2532.24	3798.35
7	CFS Export loaded - moved by road			
	First 3 days	**Free**	**Free**	**Free**
	4-6 days	316.75	633.49	950.24
	7-9 days	376.79	753.58	1130.37
	10-12 days	448.14	896.29	1344.43
	13-15 days	532.55	1065.11	1597.65
	16-18 days	632.62	1265.24	1897.87
	19-22 days	752.71	1505.42	2258.12
	23-26 days	895.42	1790.84	2686.25
	27-30 days	1064.23	2128.47	3192.70
	Thereafter	1266.11	2532.24	3798.35
8	CFS Export empty - moved by road			
	First 3 days	**Free**	**Free**	**Free**
	4-6 days	316.75	633.49	950.24
	7-9 days	376.79	753.58	1130.37
	10-12 days	448.14	896.29	1344.43
	13-15 days	532.55	1065.11	1597.65
	16-18 days	632.62	1265.24	1897.87
	19-22 days	752.71	1505.42	2258.12
	23-26 days	895.42	1790.84	2686.25
	27-30 days	1064.23	2128.47	3192.70

Sl. No.	Particulars	Rate per container per day or part thereof (in `)		
		Upto 20' in length	**Over 20' to upto 40' in length**	**Above 40' in length**
	Thereafter	1266.11	2532.24	3798.35
9	ICD Import and Export loaded or empty - moved by rail			
	First 5 days	**Free**	**Free**	**Free**
	6-15 days	632.62	1265.24	1897.87
	16-30 days	1266.11	2532.24	3798.35
	Thereafter	2532.24	5064.46	7596.70
10	Transhipment - Loaded			
	First 15 days	**Free**	**Free**	**Free**
	16-30 days	1266.11	2532.24	3798.35
	Thereafter	2532.24	5064.46	7596.70
11	Transhipment - Empty			
	First 7 days	**Free**	**Free**	**Free**
	8-15 days	752.71	1505.42	2258.12
	Thereafter	2532.24	5064.46	7596.70

Notes:

(1). The total storage period for a container shall be reckoned from the day following the day of landing upto the day of shipment/delivery/date of removal of the container and includes Sundays and Holidays but excludes Custom notified holidays and port non working days.

(2). Transhipment containers subsequently changing the mode of dispatch locally or to the container freight station for destuffing/stuffing shall loose the concessional dwell time as prescribed in Item (4) above. Dwell time charges for such containers shall be recovered at par with import containers as prescribed in item no. 1 or 2 as applicable.

(3). Transhipment containers subsequently changing the mode of dispatch by rail to ICD shall be treated as other ICD containers for the purpose of levy of Dwell time charges fees and shall be charged at the rates in item (4) above. In such cases additional shifting charge will be applicable for movement of container to container yard to ICD yard.

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

(5). Normal import containers subsequently changing the mode of dispatch by rail to ICD will enjoy the free period applicable to normal import container only. In such cases additional shifting charges will be applicable for movement of container from container yard to ICD yard.

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

(7). Over high and over dimensional containers shall attract thrice the normal applicable charges.

(8). Hazardous containers shall attract 1.25 times the normal applicable charges.

(9). In case of stuffing the containers inside the port, the dwell time charges will be applicable as follows:

(i). Prior to stuffing, dwell time charges as applicable to empty containers will be charged.

(ii). Free period and dwell time charges as applicable to loaded export containers will be charged from the day following the day of completion of stuffing and intimation to Port.

(10). In the case of auction containers, after the auction is over, the empty containers will attract the dwell time charges as empty containers from the following day the destuffing is completed.

(11). The storage charges shall not accrue for the period during which the Terminal is not in a position to deliver containers for reasons attributable to it when requested by the user.

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

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

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

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

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

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

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

3.3 CHARGES FOR MISCELLANEOUS SERVICES RENDERED TO THE CONTAINER VESSELS:

A. Reefer Monitoring and Connection

Sl. No.	Description	Rate Per TEU (in `)			
		Foreign Going Vessel		Coastal Vessel (in `)	
		Loaded	Empty	Loaded	Empty
1	Additional charges per 4 hours or part thereof for electricity consumption and monitoring of reefer containers	194.29	194.29	194.29	194.29

<u>Note:</u>

Additional electricity charge at the prescribed rates will be applicable in case of Reefer Containers also.

B. Other Services Rendered

Sl. No.	Description	Rate Per TEU (in `)			
		Foreign Going Vessel		Coastal Vessel	
		Loaded	Empty	Loaded	Empty
1	Shifting of containers from one yard to another yard within the terminal for customs inspection or any other purpose and subsequent loading of containers for delivery.	1677.91	1677.91	1677.91	1677.91
2	Additional service charges for stacking containers in designated yard for custom examination or for any other purpose by prior arrangement.	197.35	197.35	197.35	197.35

C. Opening of Hatch Cover and Replacing it

Sl. No.	Description	Rate per Hatch Cover (in `)	
		Foreign Going Vessels	Coastal Vessels
1	When placing it on the Quay	2914.74	1748.84
2	Without placing it on the Quay	1165.72	699.44

Note: If only one operation is carried out, half of the hatch cover handling charges as above shall be levied.

D. One Hatch to Another Hatch or within the Same Hatch

Sl. No.	Description	Rate per TEU (in `)			
		Foreign Going Vessels		Coastal Vessels	
		Loaded	Empty	Loaded	Empty
(a)	Hatch to hatch shifting (involving 1 move only)	971.45	971.45	582.87	582.87
(b)	Other than (a) mentioned above	3886.17	3886.17	2331.70	2331.70

4. GENERAL NOTE TO CHAPTER- 2 AND 3:

The tariff caps will be indexed to inflation but only to an extent of 60% of the variation in Wholesale Price Index (WPI) occurring between 1 January 2014 and 1 January of the relevant year. Such automatic adjustment of tariff caps will be made every year and the adjusted tariff caps will come into force from 1 April of the relevant year to 31 March of the following year.

Annex - V

PERFORMANCE STANDARDS

Sr. No.	Performance Standard	Value / Unit
1.	**Gross Berth Output**	20 Moves / Crane / hour
2.	**Transit Storage Dwell Time for Containers**	
	Import	2 Days
	Export	4 Days
3.	**Turnaround Time for receipt / delivery operation**	
	Trailer for Containers (Single operation)	2 hours
	Trailer for Containers (Double operation)	4 hours
	Rake for ICD Containers (Single operation)	6 hours
	Rake for ICD Containers (Double operation)	12 hours

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

F. No.TAMP/43/2014-KPT - Proposal from the Kandla Port Trust for fixation of Reference tariff for Operation and Maintenance of Berths 11 and 12 in Kandla Port as Container Terminal on PPP mode on "As is where is Basis".

Summary of the comments of M/s.United Liner Agencies of India (Private) Ltd. (ULAIPL) and reply furnished by Kandla Port Trust (KPT) thereon are tabulated below:

<table>
<tr><th>Sl. No.</th><th>Comments of users</th><th>Reply furnished by KPT</th></tr>
<tr><td>1.</td><td>M/s. United Liner Agencies of India (Private) Ltd. (ULAIPL)</td><td></td></tr>
<tr><td>(i).</td><td><u>Revised capital cost estimate</u>:
The revised cost estimate for the Container Terminal Project as informed by KPT in the Pre-Application meeting dated 22 September 2014 is ₹315.14 Crores (instead of ₹299.87 Crores assumed earlier). The capital cost taken in the tariff calculations thus needs to be changed accordingly.</td><td>The changes have been made in the revised proposal accordingly.</td></tr>
<tr><td></td><td>As regards Civil Work cost estimate of ₹64.91 Crores, it is brought out as under:
(a) It appears from Annexure 'B' - Rate Analysis for development of Container Stack Yard that the pavement cost does not include the cost of rubble soling and precast concrete paver blocks. The same may be suitably included.

(b) Cost of construction of 525 Sqm. Office Building estimated at ₹22230 per Sqm. appears to be low especially considering that pile foundations, electrification and interior works will be required. This may please be reviewed and revised suitably.</td><td>(a). As confirmed by CE department, the cost estimates have been prepared considering the minimum requirements for construction of pavement. Hence, considering the minimum requirements for construction, the same has been technically reviewed.

(b). The cost of office building has been considered based on the cost of recently constructed SNA Section building which is explained below:
<table><tr><th>Particulars</th><th></th><th></th><th></th></tr><tr><td>Net cost of Building=</td><td>₹</td><td>6608000</td><td></td></tr><tr><td>Total area of building</td><td></td><td>297.27</td><td>m2</td></tr><tr><td>Hence, per m2 cost</td><td>₹</td><td>22228.95</td><td>Per M2</td></tr><tr><td>Hence rounded off to ₹</td><td></td><td>22230</td><td>Per M2</td></tr></table>
Thus, building cost has been technically reviewed and found to be in order.</td></tr>
<tr><td>(ii).</td><td><u>Operating Expenditure</u>:
The following points may please be taken into consideration while estimating the operating expenditure :-
(a). While calculating depreciation, the Others cost including Interest During Construction Period (IDCP) [10% of Civil & equipment cost] and IT infrastructure cost (@ 2% of Civil & equipment</td><td>(a). The depreciation on IT infrastructure has been separately calculated in the revised proposal. Moreover, Equipments including those</td></tr>
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<table>
<tr><td></td><td>cost) have been added proportionately to Civil and Equipment cost by Kandla Port. Depreciation cost need to be shown separately for IT infrastructure (16.21%) and Tractor Trailers (TT) (11.31%).</td><td>to be handed over have been applied for standard 10.34% rate of depreciation considering around 10 years remaining life.</td></tr>
<tr><td></td><td>(b). Lease rentals for water area of 20056 sq. m has been shown in the calculations. It is not clear which water area is being leased out. If it is the area surrounding the berth, then there is no justification for charging these lease rentals for this area, as berth hire charges are accruable to KPT</td><td>(b). License fee for water area has been removed in the revised proposal since the berth hire charges are to be collected by KPT.</td></tr>
<tr><td></td><td>(c). Electric power consumption charges for terminal illumination (based on 2,40,000 units per annum per hectare) has not been included. The same may be considered.</td><td>(c). The referred norm is separately prescribed for multipurpose berths guidelines wherein the power consumption for crane is also specifically provided. However, in case of container terminal guidelines, power cost for operation has been prescribed in general for the terminal on per TEU basis which would include not only the crane but also the terminal illumination.</td></tr>
<tr><td></td><td>(d). License fee for land area considered for KPT proposal is for 18 hectares (180034 sqm). However, the area of land being allocated for the project is 15 hectares. We presume that the additional 3 hectares of land is being considered for additional container yard adjacent to the rail sidings. Please clarify.</td><td>(d). It is to hereby clarify that 15 hectare (ha) area just behind the 11th and 12th Cargo Berths and 3.2 ha area along the rail line existing behind the back up area of 11th & 12th Cargo berth shall be handed over. Apart from that, the land area to be licensed out also includes the Jetty Area of 30034 Square meters.
<table>
<tr><th>Berths</th><th>L</th><th>B</th><th>Sqm</th></tr>
<tr><td>Berth Structure - No. 11</td><td>281</td><td>54.60</td><td>15343</td></tr>
<tr><td>Berth Structure - No. 12</td><td>264</td><td>55.65</td><td>14692</td></tr>
<tr><td>Total Area</td><td></td><td></td><td>30034</td></tr>
</table>
Hence the total land area is 21.2 ha which shall be charged with License fee.</td></tr>
<tr><td></td><td>(e). It is observed that under Sr. No.2 (b) of table for "Estimation of Operating Cost", the repairs and maintenance costs for mechanical and electrical works has been worked out on the basis of net value of the equipment instead of gross value. However, on the basis of gross value of the mechanical equipment, the repairs and maintenance costs at 2% works out as below :

4 QCs @ INR 60 Crores – ₹240 Crores
4 RTGCs @ INR 11 Crores – ₹44 Crores
4 ReachStackers @ ₹3 Crores – ₹12 Crores
Total Value – ₹296 Crores
The value of the above mentioned equipment is considered as ₹151.40 Crores in KPT proposal
The differential amount being ₹144.60 Crores
Repairs and maintenance of
</td><td>(e). Repairs and Maintenance cost has been worked out now considering the Replacement cost arrived at by a Government approved Valuer for the equipments which are to be handed over to the Concessionaire. The change has been included in the revised TAMP Proposal considering the high repair and maintenance cost of old equipments.</td></tr>
</table>

	mechanical works should be 2% of ₹371.77 Crores (₹227.17 Crores + ₹144.60 Crores), which is ₹7.44 Crores instead of ₹4.54 Crores (as considered in the proposal) (f). Other expenses should be 10% of ₹444.47 Crores (₹299.87 Crores + ₹144.60 Crores), which is ₹44.45 Crores instead of ₹29.99 Crores (as considered in the proposal)	(f). It is to clarify that the other expenses considered at 10% is considered as 10% of Gross Fixed Assets as per TAMP Guidelines which is in order. Gross Fixed Assets value in the books of the Concessionaire is presently estimated at ₹315.14 Crores and would not be the original cost as mentioned by ULA.
(iii).	<u>Performance Standards</u>: It is mentioned in the proposal that the performance standards have been prescribed as per the Tariff Guidelines, 2013/2008. Actually Performance Standards are not prescribed in the Tariff Guidelines but in the Model Concession Agreement (MCA) issued by the Government. TAMP follows the provisions of the MCA for this purpose. The following points may please be considered:- (a). The MCA provides a Transit Dwell time of 5 days for imports and 3 days for exports. KPT has proposed 2 days for imports and 4 days for exports. It is requested that the Transit Dwell Time for imports may be increased to 5 days as per the MCA as it will be difficult to achieve an Average Dwell Time of 2 days in the absence of sufficient CFS space in and around Kandla Port. (Non-achievement of the unrealistic performance standards may lead to penalties in the Concession Agreement as also denial of performance linked increase in tariffs). (b). The crane productivity has been fixed at 25 moves per hour. These are applicable when new cranes are inducted. In this case, the cranes are already 5 to 7 years old and their technical specifications are not commensurate with expected productivity of new cranes. It is, therefore, not possible to achieve a productivity of 25 moves per hour as indicated it is suggested that the crane productivity may please be reduced to 20 moves per hour.	It is to state that the performance Standards are proposed considering the norms of dwell time in the TAMP Guidelines 2008. Hence, it is not required to be changed. Moreover, regarding moves per crane per hour in revised proposal filed to TAMP, Performance Standard is proposed at 20 Moves per hour per crane considering the ageing, lower capacity and idleness of the crane.
(iv).	<u>Replacement cost of Assets</u>: Replacement cost of the assets has not been considered. Some of the fixed assets (RMQCs, RTGCs and Reach Stackers) are already existing with the port which it will transfer to the operator. The operator shall use the same for the remaining life of the respective fixed assets. The cost of replacement needs to be considered, probably in the next 4-5 years. Further, the cost of replacing the new equipment (purchased by the operator)	It is to state that the replacement cost estimates to be incurred for future cannot be considered for upfront tariff fixation as per TAMP Guidelines, 2008.

	during the concession period (depending on the life of respective asset) has to be considered as well, assuming a certain inflation per annum (between 4-6%). <u>RMQC</u>- • Existing QCs (life 20 years; 2 million cycles) - remaining life 11 years - Year of replacement 2027. <u>RTGCs</u> – • Existing (life 15 years) - remaining life 6 years - Years of replacement 2022 and 2037 • New (life 15 years) - Year of replacement 2031 <u>Reach Stackers</u> – • Existing (life 10 years) - remaining life 1 year - Years of replacement 2017, 2027 and 2037 • New Tractor Trailers (TI) (life 5 years) - Years of replacement 2021, 2026, 2031, 2036 and 2041.	
(v).	<u>Tractor Trailers</u>**:** Purchase price of new tractor trailer is to the tune of ₹35 lakhs per TT against ₹22 lakhs considered in the KPT proposal.	The cost of Tractor Trailers has been considered based on a quotation received for another proposal of Container Terminal at Tuna Tekra. The same shall be shared in due course of time.
(vi).	The model assumed is static in nature considering full capacity utilization from year 1. This will not be practical as the current Container volumes are nil. During the initial years, a ramp up should be assumed with 25% during the first three years, 40% in the next three years and 70% from year 7 onwards of the optimum capacity of 6,00,000 TEUs assumed for the project.	The tariff fixation is carried out considering the optimal capacity as per the TAMP Guidelines of 2008. The utilization factor on the number of Optimal capacity is not possible to be applied in line with TAMP Guidelines of 2008.
(vii).	It is noted that KPT has proposed to frame the reference tariff for the project on the principles of TAMP Guidelines 2013. Ideally as per these Guidelines, the tariffs notified for Tuna Tekra Project are to be notified. However, considering the fact that the level of infrastructure and equipment proposed for this project are much lower as compared to Tuna Tekra, KPT has proposed to fix the tariffs afresh based as per para 2.4 of the Guidelines. As prospective operators for this Project, this is appreciated as this will be good for the long term sustenance of the Project. The present Project will, however, be just sustainable at the tariffs proposed. If TAMP considers any reduction in tariff proposed by KPT it may make the Project commercially unviable.	The Joint Hearing for the Project is to be held at KPT. The finalization of tariffs by TAMP shall be brought to your notice.

2. The comments of ULAIPL on the revised proposal dated 4 October 2014 and reply furnished by KPT are tabulated below:

Sl. No.	**Comments of users**	**Reply furnished by KPT**
1.	**M/s. United Liner Agencies of India (Private) Ltd. (ULAIPL)**	
	While furnishing comments vide its letter dated 30 October 2014, ULAIPL has also requested to consider its earlier comments dated 30 September 2014 on the original	KPT has stated that the reply on ULAIPL comments dated 30 October 2014 have already been addressed vide its compliance letter dated 15 November

	proposal of KPT.	2014.
(i).	Revised Capital cost estimate: It is already mentioned in ULAIPL earlier letter dated 26 August 2014 that the revised cost estimate for the Container Terminal Project as informed by KPT in the Pre-application meeting dated 22 September 2014 is ₹315.14 crores (instead of ₹299.87 crores assumed earlier). The tariff calculations now made take into account the revised cost estimate. Therefore, ULAIPL has no comments on this. However, it may be added that KPT also proposed to dedicate the existing railway siding available behind the back-up area of the two berths for the Project. It is preferable if the WDV cost of the rail siding is added to the project cost, at the option of the Concessionaire. As regards Civil work cost estimate of ₹64.91 crores, ULAIPL comments had offered earlier. As the Civil work cost in the revised proposal of KPT remains the same, ULAIPL earlier comments shall hold good.	
(ii).	Operating Expenditure: The earlier points made by ULAIPL on the calculations pertaining to operating expenditure may be considered. In addition to those comments, in case rail siding is retained by KPT, the Concessionaire may be charged for the rail siding facilities as per the SOR of KPT. This cost also needs to be taken into account.	
(iii).	Performance Standards: The earlier comments of ULAIPL holds good as no change has been proposed by KPT in the revised proposal.	KPT has stated that the reply on ULAIPL comments dated 30 October 2014 have already been addressed vide its compliance letter dated 15 November 2014.
(iv).	Replacement cost of Assets: The earlier comments of ULAIPL holds good.	
(v).	Tractor Trailers: Earlier it was brought out that the purchase price of new Tractor trailer is to the tune of ₹35 lakhs per TT against ₹22 lakh considered in the KPT proposal.	
(vi).	It is reiterated that the model assumes to be static in nature considering full capacity utilization from year one. This will not be practical as the current Container volumes are nil. During the initial years, a ramp up should be assumed with 25% during the first three years, 40% during next three years and 70% from year 7 onwards of the optimum capacity of 6,00,000 TEUs assumed for the project.	
(vii).	Tariff: M/s.ULAIPL has reiterated its earlier comment on this that the Project will be just sustainable at the tariffs proposed. If TAMP considers any reduction in tariff proposed by KPT it may make the Project commercially unviable. M/s.ULAIPL has, therefore,	

	requested to give them an opportunity for a final hearing once TAMP finalises its tariff fixation in this case, but before the tariffs are actually notified because the entire validity of the Project depends on the tariff levels finalised.	

3. A joint hearing in this case was held on 10 November 2014 at the KPT premises. The KPT made a powerpoint presentation of its proposal. At the joint hearing, the KPT and the concerned users/ organisation bodies have made the following submissions:

Kandla Port Trust (KPT)

(i). Makes a brief presentation of its proposal. Hard copy is given.

(ii). Project is on 'as is where is' basis. The project involves operation and maintenance of already constructed terminal with some up gradation in the facilities. The project is not comparable to Tuna Tekra container Terminal of its own port or JNPT container Terminal. Hence proposal is filed based on 2013 guidelines but following the principles of 2008 guidelines.

(iii). There is deviation from 2008 guidelines with reference to optimal capacity calculation and on equipment profile.

(iv). Capacity is already assessed at 0.6 million TEUs hence not assessed under 2008 guidelines.

(v). 8 nos. RTGCs will be sufficient for the project. This is already discussed with prospective bidders.

(vi). 3 nos. of Reach stackers are proposed of which 1 reach stacker will be used for handling ICD containers.

(vii). Total 21.2 hectares i.e. 18.2 hectares of back up area + 3 hectares of berth area is proposed to be allotted.

(viii). Upfront payment by Concessionaire for existing equipment to be handed over by the KPT to the successful BOT operator is assessed at ₹143.63 crores.

(ix). Proposed rates are derived by applying correction factor with reference to the revenue estimated from tariff approved for Tuna Tekra for the container traffic estimated thereat as per the feasibility report vis-à-vis the Annual Revenue Requirement estimated for this project.

(x). Draft is 13 mtrs. at the navigation channel and 14.1 mtrs. alongside the container berths. Kandla is a tidal port. During high tide we can handle higher draft vessel as well. All users are aware of this practice at Kandla port.

M/s. United Liner Agencies of India (Pvt.) Ltd.

(i). Traffic at Tuna Tekra Container Terminal in Kandla Port and that of the neighbouring private port of Mundra are relevant factors to be considered to the traffic potential of this terminal. Traffic will be 25% of the assessed capacity initially and will increase gradually. This factor should be captured in the tariff fixation.
[KPT - Upfront Tariff is proposed under 2008 guidelines based on the optimal capacity of the container terminal. Hence, traffic to be handled is not a relevant factor under the 2008 guidelines.]

(ii). Equipment to be handed over by the KPT are somewhat obsolete. They have not been put to use for last one year

(iii). Night navigation is restricted at Kandla Port. This will impact the overall capacity of the terminal.

[KPT – Deputy Chairman - We have long channel of 23 Kms. For safety purpose night navigation is restricted. As the time goes by, things will improve.]

(iv). Coastal vessel are expected to be more than foreign vessel for the said Container Terminal. The share of coastal vessel will be 60%.

(v). The tariff should not be very high. Else, it cannot compete with Tuna Tekra operator and other neighbouring ports. At the same time, if it is low the project will be a non-starter. Hence a balance is to be arrived.

(vi). Tariff proposed by the KPT are viable. It is nether too low nor very high.

(vii). We endorse the approach adopted by the KPT of arriving at the proposed Reference tariff by comparing the revenue estimated from the tariff approved for Tuna Tekra Project of Kandla Port and the revenue estimated for the current project and applying the correction factor. We request TAMP to accept the approach followed by the KPT.

(viii). The KPT has agreed to provide rail siding. We request to include Written Down Value of rail siding in the project cost. If that is not done, the expenditure (to be) incurred by the successful bidder in terms of railway siding charges payable to KPT, if any, should be included.

(ix). Depreciation on tractor trailer is taken wrongly. We have given our comments which should be considered.

(x). Repairs and maintenance cost is estimated on WDV of assets taken over from the KPT. The Repairs and maintenance expenditure will be much higher on old assets to be handed over by the port under this project. Hence, it is requested to consider repairs and maintenance cost on the gross value of assets.
[KPT - The WDV value of the assets to be handed over by the KPT will be reflected in the books of accounts of Concessionaire as the gross value of assets. Hence, we have estimated repairs and maintenance on WDV of assets. We will, however, examine the submissions made by M/s.ULAIPL.]

(xi). We are not sure whether maintenance of berth has to be done by operator. If so, it should be added in the upfront tariff calculation.
[KPT - Maintenance of berth will be undertaken by the KPT.]

(xii). Port has included license on water area. But, berth hire is collected by the port. Hence, license fee on water area should not be included.
[KPT - We will examine this point.]

(xiii). It is not possible to achieve the productivity norm of 25 moves/ hour/ quay crane with old equipment. Bidder will not get 15% Performance Linked Tariff if such productivity level is prescribed.

(xiv). Performance Standards on transit dwell time of containers may be retained as per Model Concession Agreement.

(xv). Old equipment are not in good condition. They will have to be replaced. Hence, replacement value of asset should also be factored.
[KPT - For the project of 30 years period, replacement of assets will apply whether it be old assets taken over from the port or new assets deployed for the project. Under 2008 guidelines, once upfront tariff is fixed, there is no scope to reassess and consider replacement value of assets.]

(xvi). Depreciation on IT needs to be recomputed applying the depreciation on IT assets instead of 10.34% considered by KPT.
[KPT - We will look into this aspect.]

(xvii). Cost of tractor trailer is ₹30 to ₹35 lakhs. This is under estimated by KPT. The KPT should re-assess it.

[KPT - Cost of Tractor trailer is taken from other project. If it's old we will re-look at it.]

(xviii). Capital cost of some of the civil works is underestimated as already given in our written comments earlier. KPT should review it.

(xix). The capital cost on administrative building should also be reviewed considering the prevailing unit rate.

[KPT - The KPT will examine the points made by the M/s.United Liner Agencies of India (Pvt.) Ltd. and modify the proposal, if necessary.]

4. A summary of the comments received from Kandla Port Steamship Agents Association (KPSAA) after the joint hearing and reply furnished by KPT is tabulated below:

Sl. No.	Comments made by KPSAA	Reply furnished by KPT
(i).	Stuffing/ de-stuffing may be permitted inside the port as it was being done earlier.	Both these points shall be appropriately addressed through Bidding Documents i.e. Draft Concession Agreement since these cannot be addressed directly through tariff fixation.
(ii).	Container ships, which are schedule bound, may be given priority for berthing & sailing pilots as being done in all ports in the world.	
(iii).	The rates for Terminal Handling should be very competitive for bringing back the trade which has already migrated to the neighbouring port.	Tariff fixation has been proposed as per the TAMP Guidelines 2013 based on the principles of TAMP Guidelines 2008.
(iv).	The port should develop railway infrastructure, facilitating the Container Terminal operations, so that, ICD cargoes also start moving through Kandla.	Common Rail Connectivity for handling of ICD Containers is being envisaged to be provided by the Concessioning Authority. Draft Concession Agreement shall address this appropriately.
(v).	Major portion of the throughput of the competition port is built up by ICD cargoes. There should be a railway station inside the Port premises so that, additional charges can be avoided (ICD operations to be managed in such a manner that the cost of handling is minimum).	Tariff Fixation has been proposed as per the TAMP Guidelines 2013 based on the principles of TAMP Guidelines 2008.
(vi).	Terminal operations should commence on priority along with the gantry cranes.	KPT shall take necessary measures to implement the Project as early as possible.

5. A summary of the vital issues raised by M/s.ULAIPL at the joint hearing and reply furnished by KPT thereon are tabulated below:

Sl. No.	Vital issues raised by M/s.ULAIPL at the joint hearing	Reply of KPT
(i).	Night navigation is restricted at Kandla Port. This will impact the overall capacity of the terminal.	Night navigation has been restricted at Kandla Port as it is a Tidal Port and also due to safety reasons. However, the same shall be improved by the time of operation of the terminal.
(ii).	The KPT has agreed to provide rail siding. We request to include Written Down Value of rail siding in the project cost. If that is not done, the expenditure (to be) incurred by the successful bidder in terms of railway siding charges payable to KPT, if any, should be included.	The rail siding would not be handed over to the Concessionaire. Hence, the same is not to be considered in the capital cost of the project. As far as the operating cost for using rail sidings is concerned, the same would be recovered by levying the charge directly from the users or else the Concessionaire may collect the charge

		from the user and pay the same to KPT/Railway Authority as may be applicable. Hence, in this arrangement, there is no need to include the same in the operating expenses.
(iii).	Depreciation on tractor trailer is taken wrongly. We have given our comments which should be considered.	The depreciation calculations have been corrected appropriately in the revised proposal.
(iv).	Repairs and maintenance cost is estimated on WDV of assets taken over from the KPT. The repairs and maintenance expenditure will be much higher on old assets to be handed over by the port under this project. Hence, it is requested to consider repairs and maintenance cost on the gross value of assets.	The same has been complied and has been corrected appropriately in the revised proposal.
(v).	We are not sure whether maintenance of berth has to be done by operator. If so, it should be added in the upfront tariff calculation.	The maintenance of the berth would be done by Kandla Port Trust and hence it is not required to be added in the upfront tariff calculation.
(vi).	Port has included license fee on water area. But, berth hire is collected by the port. Hence, license fee on water area should not be included.	Water area License fee is removed since KPT is to charge berth hire charges.
(vii).	It is not possible to achieve the productivity norm of 25 moves/ hour/ quay crane with old equipment. Bidder will not get 15% Performance Linked Tariff if such productivity level is prescribed.	The same has been complied and has been revised appropriately in the revised proposal.
(viii).	Performance Standards on transit dwell time of containers may be retained as per Model Concession Agreement.	Performance Standard for transit storage dwell time of containers has been prescribed based on the TAMP Guideline 2008. The same standards have been approved in case of Container Terminal at Tuna Tekra also. Hence, the same remains unchanged.
(ix).	Old equipment are not in good condition. They will have to be replaced. Hence, replacement value of asset should also be factored.	Depreciation considered in the proposal is sufficient to renew the assets at the time of replacement. Moreover, the replacement cost estimates to be incurred for future cannot be considered for upfront tariff fixation as per TAMP Guidelines, 2008.
(x).	Depreciation on IT needs to be recomputed applying the depreciation on IT assets instead of 10.34% considered by KPT.	The same has been complied and has been revised appropriately in the revised proposal.
(xi).	Cost of tractor trailer is ₹30 to ₹35 lakhs. This is under estimated by KPT. The KPT should re-assess it.	The cost of Tractor Trailers has been considered based on a quotation received for another proposal of Container Terminal at Tuna Tekra. The same is being sent in due course of time.
(xii).	Capital cost of some of the civil works is underestimated as already given in our written comments earlier. KPT should review it.	The cost estimates have been prepared considering the minimum requirements for construction. Hence, considering the minimum requirements for construction, the same has been technically reviewed.
(xiii).	The capital cost on administrative building should also be reviewed considering the prevailing unit rate.	The cost of office building has been considered based on the cost of recently constructed SNA Section building which is explained below: **Particulars** **Unit**

		<table><tr><td>Net cost of Building=</td><td>₹</td><td>6608000</td><td></td></tr><tr><td>Total area of building</td><td></td><td>297.27</td><td>m2</td></tr><tr><td>Hence, per m2 cost</td><td>₹</td><td>22228.95 (i.e. 6608000/ 297.27)</td><td>Per / M2</td></tr><tr><td>Hence rounded off to ₹</td><td></td><td>22230</td><td>₹ / M2</td></tr></table> Thus, building cost has been technically reviewed and found to be in order.

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