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**TARIFF AUTHORITY FOR MAJOR PORTS**

G. No.346

New Delhi,

30 December 2010

**NOTIFICATION**

In exercise of the powers conferred under Section 48 of the Major Port Trusts Act, 1963 (38 of 1963), the Tariff Authority for Major Ports hereby disposes of the application filed by the Gateway Terminals India Private Limited (GTIPL) for review of its Order dated 3 March 2010, as in the Order appended hereto.

**(Rani Jadhav)**  
**CHAIRPERSON**

**Tariff Authority for Major Ports**  
**Case No. TAMP/31/2010 – GTIPL**

The Gateway Terminals India Private Limited    - - -

Applicant

**ORDER**

(Passed on this 3<sup>rd</sup> day of November 2010)

This case relates to an application dated 25 March 2010 received from the Gateway Terminals India Private Limited (GTIPL) for review of the Order dated 3 March 2010 passed by this Authority disposing of its proposal for general revision of tariff.

2. This Authority had passed an Order dated 3 March 2010 disposing of the general revision proposal of GTIPL. This Order was notified in the Gazette of India on 16 March 2010 under Gazette No.71 and has come into force with effect from 1 April 2010, after expiry of 15 days.

3. In accordance with clause 3.3.1. of the tariff guidelines of March 2005, the GTIPL has filed an application dated 25 March 2010 for review of the Order dated 3 March 2010. Subsequently, the GTIPL has submitted an addendum dated 30 April 2010 to its review application dated 25 March 2010. The points made by GTIPL for review are summarised below:

- (A). GTIPL had adjusted an amount of Rs.3.06 Crores each for the years 2009 to 2011 towards credit notes in the Income estimation. The Authority has disallowed this amount.
- (B). Other income generated from profit on sale of assets, liabilities written-back and miscellaneous income is not in the ordinary course of business and needs to be excluded from income estimations.
- (C). Net income from ITRHO of Rs.14.34 Crores each for the years 2009 to 2011 needs to be adjusted in the income instead of Rs.16.76 Crores adjusted by the Authority each for the said three years. The surplus from the ITRHO activity also needs to be reduced simultaneously to arrive at the accurate figure of rate reduction.
- (D). Moderation of estimated Management overheads with annual increase of 5.80% is meagre.
- (E). The Authority has reduced the RTG maintenance cost from the Repairs and Maintenance Cost for calculation of inventory. The actual inventory for the year 2006 to 2008 and the estimates for the years 2009 to 2011, which are very close to actuals for the year 2006 to 2008, should be considered.
- (F). Full adjustment of past surplus contravenes the tariff guidelines. Only 50% of the past surplus should be adjusted.
- (G). Increase proposed to handle Hatch Covers, reefer monitoring charges, hazardous containers, transshipment Over Dimensional Containers and transshipment hazardous containers not considered.
- (H). Increase proposed in dwell time charges for ODC containers not considered by the Authority.
- (I). Slab structures prescribed for levy of dwell time charges for ICD containers, transshipment loaded containers and transshipment empty containers need to be prescribed in line with industry practice.

4. Clause 3.3.1. of the tariff guidelines of March 2005 stipulates that application of review of any tariff Order will be entertained to the limited extent of errors apparent on the face of

records considered in the relevant proceedings, provided such an application is filed within 30 days of the notification of the Order in the Gazette of India.

5. While the review application made by GTIPL was being scrutinized, Seahorse Ship Agencies Private Limited (SSAPL) vide its email dated 26 April 2010 has made the following main submissions:

- (i). In Order No.TAMP/49/2008-GTIPL dated 3 March 2010, the Authority has approved the charge of Rs.1000 per Container towards one door opening, by quoting the meaning and reasons given in the paragraph 13(xxix) of NSICT Order No.TAMP/14/2008-NSICT dated 19 September 2008 passed by the Authority. As a result, an error in the NSICT Order of using the word '**optimal**' in the last sentence of the said paragraph instead of '**optional**' is also carried forward. SSAPL requests to issue a clarification stating that the one door opening charges are optional and applicable only if the customer requests for the service.
- (ii). Further, it may be important to specify the services associated with these charges, as mentioned in NSICT, CCTL and VCTPL, only the tariff amount will get adopted, without the related service being provided.

6. The GTIPL in its letter dated 25 March 2010 has, inter alia, stated that it has paid an amount of Rs.2.42 Crores to JNPT towards its share of mixed train handling charges for the period from January 2009 to November 2009. Since the GTIPL did not furnish any documentary evidence in support of this payment made to JNPT, the JNPT was requested vide our letter dated 28 June 2010 to furnish the details regarding the payments received by it from GTIPL towards mixed train handling share. The JNPT vide its letter dated 2 July 2010 has furnished the details of month wise amount received by it from GTIPL towards its share of mixed train handling charges for the financial year 2008-09 and 2009-10. The month wise amount stated to have been received by JNPT for the relevant period from January 2009 to December 2009 is as follows:

Sl. No.	In the year 2009	Amount in Rs.
1.	January	NIL
2.	February	6,31,397
3.	March	NIL
4.	April	12,38,669
5.	May	16,16,998
6.	June	54,12,641
7.	July	58,54,724
8.	August	43,96,558
9.	September	50,39,387
10.	October	44,95,828
11.	November	47,42,900
12.	December	37,12,257
	<b>Total</b>	<b>3,71,41,359</b>

7.1. A hearing on the case in reference was held on 9 July 2010 at the Office of this Authority in Mumbai. The GTIPL made the power point presentation of its review application. GTIPL has made its submissions at the hearing.

7.2. As decided at the hearing, the GTIPL was advised to furnish some additional information/ clarification vide our letter dated 13 July 2010. The GTIPL has responded vide its letters dated 22 July 2010 and 2 August 2010. The queries raised by us and the response of the GTIPL are tabulated below:

Sl. No.	Queries raised by us	Response of GTIPL
1.	Documentary evidence to substantiate the payments made to Jawaharlal Nehru Port Trust	GTIPL has furnished a summary of ITRHO payments made in the year 2009 to JNPT and NSICT, which is reproduced below:

(JNPT) relating to Inter Terminal Rail Handling Operations (ITRHO).

Summary of ITRHO payment made in 2009  
Amount in INR

Month	JNPT	NSICT	Total
Jan 09	(52,56,107)	(70,993)	(53,27,100)
Feb 09	5,62,000	-	5,62,100
Mar 09	(55,92,514)	(1,81,728)	(57,74,242)
Apr 09	11,23,200		11,23,200
May 09	14,66,000		14,66,000
Jun 09	49,07,200		49,07,200
July 09	53,08,000		53,08,000
Aug 09	39,86,000		39,86,000
Sep 09	45,68,800		45,68,800
Oct 09	40,76,000		40,76,000
Nov 09	43,00,000		43,00,000
Dec 09	33,65,600		33,65,600
Total Receipts	(1,08,48,621)	(252721)	(1,11,01,342)
<b>Total Payments</b>	<b>3,36,62,800</b>	<b>-</b>	<b>3,36,62,800</b>

In support of the payments made to JNPT, the GTIPL has furnished copies of invoices raised by it against JNPT. As per the above information furnished by GTIPL, it has paid an amount of Rs.3,36,62,800/- to JNPT towards ITRHO.

Collection on entire ICD volumes 4,10,276 TEUs X Rs. 400 =	16,41,10,400
Add payment received from (i). JNPT (ii). NSICT	1,08,48,621 2,52,721 17,52,11,742
Less Amount paid to JNPT	3,36,62,800
<b>Net income from ITRHO (Rs.)</b>	<b>141548942</b>

- (i). The GTIPL has produced copies of invoices raised by it against NSICT for Rs.2,52,721. That being so, the amount of Rs.1.08 Crores mentioned by GTIPL as a receipt from NSICT in the summary of ITRHO payment appears to be actually the payment received from JNPT, as per caption mentioned in the table.
- (ii). Since the summary given by GTIPL takes into account the receipt of Rs.2,52,721 from NSICT, the Net Income from ITRHO furnished by GTIPL at Rs.14.12 Crores is updated to Rs. 14,15,48,942/- considering the ITRHO receipt from NSICT.
- (iii). As can be seen from the summary furnished by GTIPL, it has reported a figure of Rs. 3,36,62,800/- as ITRHO payment to JNPT for the year 2009. As brought out earlier, the JNPT has reported a figure of Rs.3,71,41,359 for the same period. It is seen from the copies of invoices raised by JNPT and produced by GTIPL that the amount claimed by JNPT is inclusive of applicable taxes. The amount reported by GTIPL is exclusive of Taxes. Therefore, the amount of Rs. 3,36,62,800/- is only relevant for the purpose of analysis.]

2.	Separate cost statements for each of the years under consideration giving the details of income and expenditure arising from the ITRHO activity.	<p>The income from ITRHO activity works out to be as follows:</p> <table border="1" data-bbox="762 286 1390 488"> <thead> <tr> <th>Particulars</th> <th>Amt in Rs. Crores</th> </tr> </thead> <tbody> <tr> <td>Collection on entire ICD volumes (410,276 TEUs X INR 400)</td> <td>16.40</td> </tr> <tr> <td>Add: payment received from JNPT</td> <td>1.08</td> </tr> <tr> <td>Less: amount paid to JNPT</td> <td>3.36</td> </tr> <tr> <td><b>Net income from ITHO</b></td> <td><b>14.12</b></td> </tr> </tbody> </table> <p>It is not possible to work out the exact cost details pertaining to ITRHO activity. Therefore, the EBITDA margin based on the annual accounts of 2009 excluding royalty at the rate of 67% may be applied while arriving at the surplus generated from the ITRHO activity. Thus the surplus works out to INR 6.99 crores and INR 9.321 crores for the years 2010 (April 2010 to December 2010) and 2011 respectively.</p>	Particulars	Amt in Rs. Crores	Collection on entire ICD volumes (410,276 TEUs X INR 400)	16.40	Add: payment received from JNPT	1.08	Less: amount paid to JNPT	3.36	<b>Net income from ITHO</b>	<b>14.12</b>		
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Add: payment received from JNPT	1.08													
Less: amount paid to JNPT	3.36													
<b>Net income from ITHO</b>	<b>14.12</b>													
3.	Annual revenue implication from each of the proposed amendments to the scale of rates.	<p>The annual revenue implication from the proposed amendments to the scale of rates is as given in the table below.</p> <table border="1" data-bbox="810 887 1278 1088"> <thead> <tr> <th>Amendment to SOR</th> <th>Amt in INR</th> </tr> </thead> <tbody> <tr> <td>Hatch cover shifting</td> <td>8,227,820</td> </tr> <tr> <td>Reefer monitoring</td> <td>84,905,185</td> </tr> <tr> <td>Storage</td> <td>337,691</td> </tr> <tr> <td>Hazardous</td> <td>(15,278,962)</td> </tr> <tr> <td><b>Total</b></td> <td><b>78,191,734</b></td> </tr> </tbody> </table> <p>The annual revenue implication for changes in the TP hazardous and TP ODC containers can not be worked out due to data unavailability. However, the revenue will be negligible since the traffic handled in this category will be very less.</p>	Amendment to SOR	Amt in INR	Hatch cover shifting	8,227,820	Reefer monitoring	84,905,185	Storage	337,691	Hazardous	(15,278,962)	<b>Total</b>	<b>78,191,734</b>
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<b>Total</b>	<b>78,191,734</b>													
4.	Documentary evidence along with a detailed note on the accounting treatment given to the capital spares of RTGs.	<p>The inventory includes capital spares of RMQC, RMG and spreaders. These are the capital spares customized and procured from the manufacturers – from ZPMC and NSL for QC, RMG and spreaders respectively. An inventory amounting to INR 3.29 crores pertaining to QCs and RMGCs and INR 1.45 crores pertaining to spreaders purchased directly from the manufactures constitute total inventory of INR 9.88 crores as of December 2009, nearly 50% of the total inventory value. [GTIPL has furnished separate list of capital spares of RMQC, RMGC and of Spreaders showing the amount of Rs.3.29 Crores and Rs.1.45 Crores respectively] These parts are critical spare parts which need to be in stock since they are not indigenously available and take a long time to get manufactured.</p> <p>Subsequently, GTIPL vide its letter No. GTIPL/TAM10/Tariff Proposal/14, dated 2 August 2010 has produced certificates from the manufactures–ZPMC and NSL certifying these items as capital spares procured for QC, RMGC and spreaders.</p> <p>In addition to the capital spares, there are critical parts</p>												

	which are procured from other than the manufacturers. The critical parts worth of Rs.7.92 Crores constitute 80% of the total inventory value. (The GTIPL has produced an itemwise list of the critical parts which shows the total value at Rs.7.92 Crores). These items are non-moving as can be seen from the inventory aging report as of December 31, 2009. While making provision for slow-non moving items, these critical parts are excluded being critical in nature.
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7.3. In addition to the above stated response, the GTIPL in its letter dated 22 July 2010 has made the following additional submissions:

- (i). The rate reduction works out to 8.20% after making the corrections as set out in the earlier letters except ITRHO surplus adjustment and inventory adjustments. After adding the additional revenue arising from the proposed amendments in the SOR, the rate reduction works out to 7.86% as tabulated below:

	INR in million	%
<b>Tariff Reduction as per TAMP Order</b>		<b>10.06%</b>
Less : impact of GTI request		
Credit Notes disallowed by TAMP	10.8	-0.80%
Management overheads as per Proposal	77	-0.72%
Non-operating income (2006-08)	78	-0.30%
ITRHO Revenue reduction (payments to JNPT)	42	-0.04%
<b>Tariff Reduction, after GTI's suggestions</b>		<b>8.20%</b>
<u>Add:</u>		
Impact due to changes in SOR	78	1.72%
Hatch cover shifting	8.3	0.18%
Reefer monitoring	84.9	1.87%
Storage	0.3	0.01%
Hazardous	-15.3	-0.34%
<u>Less:</u>		
ITRHO - adjustment in Surplus	163	-1.76%
Inventory - basis actuals		-0.30%
<b>Rate Reduction - post suggestions</b>		<b>7.86%</b>

- (ii). GTIPL has mentioned in its earlier letter dated March 25, 2010 that the annual increment in the salary works out to 14.51% in the year 2009. The % increment for the year 2010 has now been finalized at 16.43%. [GTIPL has furnished a statement showing the percentage increase of 16.43% in the year 2010]. It has once again requested to consider the increase in management overheads by 15% each year under consideration. The same point has been raised by JNPT in its latest proposal applying increment rate of 10% due to annual increment of 3% and increase in D.A of 7%.

8.1. The review application filed by GTIPL included review of rates prescribed for handling hazardous containers, among other items, in the Order dated 3 March 2010. The income estimation furnished by GTIPL during the proceedings relating to the tariff Order of March 2010 showed that the GTIPL had considered Rs.4130 per 20' container, Rs.6195 per 40' container and Rs.8260 for above 40' container, as against the corresponding rate of Rs.3540/-, Rs.5310/- and Rs.7080/- as prescribed in the Scale of Rates that prevailed prior to March 2010 Order, for estimation of income from handling hazardous containers. In this regard, the GTIPL was requested vide our letter dated 29 October 2010 to confirm that it has levied the rates for handling hazardous containers as prescribed in the Scale of Rates that prevailed prior to March 2010 Order and not the rates considered by it in income estimation during the years 2009 and 2010.

8.2. The GTIPL vide its letter dated 29 October 2010 has confirmed that during the period prior to March 2010, the handling for hazardous containers have been levied with rates as prescribed in the Scale of Rates as published by this Authority.

9. The proceedings relating to the hearing in this case are available on records at the office of this Authority. These details will also be made available at our website <http://tariffauthority.gov.in>

10. A summary of the points made by GTIPL in its review application, the extract of the relevant paragraphs of the Order dated 3 March 2010 and our analysis thereon are furnished below:

**(A). GTIPL has adjusted an amount of Rs. 3.06 Crores each for the years 2009 to 2011 towards credit notes in the Income estimation. The Authority has disallowed this amount.**

(i). Tariff Order of March 2010: [Paragraph No.11 (vii) (a) & (c)]

*“(a). The GTIPL has furnished a detailed computation of handling income from container handling activity with reference to the existing rates and the projected traffic for the years 2009 to 2011. Apart from estimation of income from handling foreign containers, transshipment, hazardous and over dimensional containers, the GTIPL has furnished income estimation from handling lock bins, hatch cover, shut outs, lift on / lift off activity, extra transportation of transshipment containers, reefer power charges etc., for the year 2009 and considered uniformly for the years 2010 and 2011. The income estimation as shown in the cost statement is found to be more by Rs.4.65 lakhs each for the year 2009 to 2011 than the estimates shown in the workings. The reason for this difference remains unexplained. We have gone by the estimates as shown in the workings*

*The GTIPL has considered the income estimations arising out of Inter Terminal Rail Handling Operations. (ITRHO) of ICD containers moved by rail. The ITRHO income works out to Rs.1641.11 lakhs each for the years 2009 to 2011. In addition, the GTIPL has considered the estimated receipts from JNPT and NSICT as share for mixed train handling of ICD containers at Rs.35.73 lakhs each for the years 2009 to 2011. The aggregate of the estimated ITRHO income works out to 1676.84 lakhs each for the years 2009 to 2011.*

*No traffic of coastal containers for the years 2006 to 2011 is reported. The GTIPL has, therefore, not considered the coastal income in the income estimation”.*

*“(c). The operating income estimated by GTIPL for the years 2009 to 2011 is after adjustment of rebate at the level of Rs.1523.25 lakhs each for the year 2009 to 2011. Likewise, the GTIPL has adjusted some Credit Notes to the tune of Rs.360.22 lakhs each for the year 2009 to 2011 as debits in the income calculation. Allowing rebates is a management decision of the GTIPL and tariff fixing exercise cannot recognise it. This Authority in any case is not concerned with the discretionary treatment given by GTIPL on case to case basis. Adjustment of Credit Notes does not appear to be relevant in the income calculation. We have gone by the income estimated by the GTIPL as per the existing Scale of Rates of GTIPL”.*

(ii). Points made by GTIPL in its review application:

(a). In the cost statements submitted by GTIPL in the latest proposal, revenue for the year 2009 to 2011 had been projected for 15,18,304 TEUs per annum at the revenue per TEU of Rs.3444 after considering the rebate. Before factoring the rebate, the revenue per TEU works out to Rs.3544 which was the revenue per TEU till November 2009. In the break up of the income there is a negative figure of Rs.3.06 crores adjusted for the credit notes issued per year for three years.

The particular amount has been disallowed by the Authority on the ground that the adjustment of credit notes does not appear to be relevant in income calculation.

(b). The amount of credit note issued from January to November 2009 is Rs.3.30 crores which includes the following:

- (1). Rs.2.42 crores paid to JNPT for mixed train handling share.
- (2). Transshipment volume rebate and coastal rebate.
- (3). Incorrect Billing: GTIPL bills at full rate for the coastal container at first instance and then pass on the credit for 40% rebate. This is as per Scale of Rates. Similarly, credit for transshipment volume rebate is passed on later after the volumes are consolidated. The revenue projection does not include coastal containers and transshipment containers. Hence, adjustment for these rebates is done in the credit note figures.

GTIPL billing system has two separate modules for billing and issuance of credit notes. The credit notes are issued for wrong billing of miscellaneous income such as category change from hazardous to normal, wrong levy of shut out charges and ICD without match, etc. The adjustments pertaining to credit notes are not factored in the data received from billing module to have reconciliation in place and avoid complication. These are shown as a separate line item in our calculation. These are not towards volume rebates and waivers.

An amount of Rs.3.06 crores per year was thus estimated (as against Rs.3.30 crores for January – November 2009) for full year projections of 2009 to 2011 for the purpose as mentioned above.

(c). The monthly revenue of GTIPL is audited by the Statutory Auditors as required by the License Agreement to ensure accuracy of the payment of revenue share to JNPT. The revenue before factoring rebate for the period January 2009 to November 2009 duly audited which support the revenue per TEU at Rs.3544. GTIPL will furnish the details of revenue certificates and the income statements for the period from January 2009 to November 2009, if the Authority requires.

(iii). Analysis:

(a). Revenue was estimated in the cost statement furnished by GTIPL in the proceeding relating to tariff Order of March 2010 based on average realisation of Rs.3444/- per TEU. The GTIPL also furnished detailed workings for the revenue estimated. The revenue as per the workings and the revenue stated in the cost statement differed. The difference remained unexplained. Since the workings furnished by GTIPL took into account the projected volumes and the then existing tariff for the respective categories of containers, the revenue as derived from the workings were taken into account after checking, for the purpose of analysis of the case.

(b). In the estimate of operating income considered in the tariff Order of March 2010, an amount of Rs.360.22 lakhs pertaining to Credit notes was added back for each of the years 2009 to 2011 on the ground that allowing rebates is a management decision of GTIPL and the tariff fixing exercise cannot recognize it. It is relevant here to note that the nature of the Credit Notes issued by GTIPL was not explained in the income calculations furnished by GTIPL. The position that the amount pertaining to Credit Notes comprises of the amount paid to JNPT towards the share of the operator for the mixed trains handled by JNPT, coastal and transshipment rebate and incorrect billing, is brought out only in the review application filed by the operator.

- (c). To a query in this regard, the GTIPL has reported with documentary evidence the payment of Rs.336.63 lakhs during the year 2009 to JNPT towards mixed train handling. Notably, the JNPT has acknowledged the receipt of Rs.336.63 lakhs from GTIPL. In view of the above, the amount of Rs.336.63 lakhs is excluded from the income estimates for the year 2009. Since estimated income for the years 2010 and 2011 was maintained at the same level as that of 2009, the amount of Rs.336.63 lakhs pertaining to ITRHO is excluded from the income estimates for the year 2010 and 2011 also.
- (d). With reference to GTIPL claiming exclusion of transshipment volume rebate and coastal rebate from the operating income, it is relevant here to mention that the Scale of Rates approved in March 2010 contains provision for allowing transshipment rebate and coastal rebate. Therefore, there is a need to factor the rebate towards transshipment and coastal containers in the income estimates. The GTIPL has neither in the tariff proceeding relating to the March 2010 Order nor in the Review application has quantified the amount towards transshipment rebate and coastal rebate. Further, giving effect to coastal rebate does not arise, since GTIPL has not estimated any coastal traffic for the years 2009 to 2011 in the tariff proceeding relating to the Order of March 2010. With regard to incorrect billing, it is relevant here to mention that the GTIPL has neither in the tariff proceeding relating to the Order of March 2010 nor in the Review application, quantified the amount towards incorrect billing. No review in this regard is called for, since GTIPL has not substantiated any error apparent on the face of the Order.

**(B). Other income generated from profit on sale of assets, liabilities written-back and miscellaneous income is not in the ordinary course of business and needs to be excluded from income estimations.**

(i). Tariff Order of March 2010: [Paragraph No.11 (iii) (c) (i) & (ii)]

- “(c) (i). *The actual operating income for the years 2006 to 2008 reported in the audited annual accounts of GTIPL is considered.*
- (ii). *The income streams of GTIPL also include other income like interest on fixed deposits, interest on secured loans, liabilities written back, exchange gain, profit on sale of assets, miscellaneous income, recoveries from suppliers and scale of scrap. The GTIPL has not considered other income in its cost statement on the ground that the other income does not form part of operating income.*

*The items of income namely recovery from suppliers, profit on sale of assets, liabilities written back, miscellaneous income and sale of scrap appear to be arising out of operation of the facilities at GTIPL. Therefore, these items of other income are considered in this analysis. Since Return on Capital Employed (ROCE) is allowed, interest on Loans is not separately allowed as an item of cost in fixation of tariff of major port trusts/ private terminals. The interest cost is, therefore, not separately recognised in this analysis. The interest income on fixed deposits and the exchange gain arising out of servicing of foreign currency loans are also not treated as part of other income.”*

(ii). Points made by GTIPL in its review application:

- (a). Other income to the tune of Rs.12.86 lakhs, Rs.3.99 crores and Rs.3.65 crores have been added for the years 2006, 2007 and 2008 respectively in the cost statement moderated by the Authority. It includes profit on sale of assets, liabilities written back and miscellaneous income such as suppliers penalty, scrap sale, etc. The revenue generated from these activities is not in the ordinary

course of business and thus not an operating income and needs to be excluded from the cost statement.

- (b). There is an error in the amount of other income included for the year 2007, whereby an amount of Rs.3.52 crores is taken under the head "Recovery from Suppliers" whereas the actual amount under this head is Rs.1.25 crores. Hence, other income included for the year 2007 also needs a correction to Rs.1.73 crores as against Rs.3.99 crores.

(iii). Analysis:

- (a). The other income namely recovery from suppliers, profit on sale of assets, liabilities written back, miscellaneous income and sale of scrap was considered under Finance & Miscellaneous income in the case of GTIPL in line with the general practice followed while fixing tariff for all major ports and private terminals operating thereat. That the revenue generated from the above mentioned items is not in the ordinary course of business is not established by GTIPL. No extraordinary circumstance has been brought out by GTIPL warranting deviation from the general approach uniformly followed by this Authority in this regard. As such, the claim of GTIPL to exclude the revenue generated on account of the above mentioned items from the operating income does not merit consideration.
- (b). GTIPL has pointed out an error in the total amount considered by us under Finance & Miscellaneous Income for the year 2007.

An amount of Rs.399.92 lakhs was considered by us under Finance & Miscellaneous Income for the year 2007 in the tariff Order of March 2010. The break-up of the total amount of Rs.399.92 lakhs is as given below:

		(Rs. in Lakhs)
(i).	Recovery from supplier	352.58
(ii).	Liabilities written back	4.75
(iii).	Profit on sale of assets	1.83
(iv).	Miscellaneous Income	40.76
	<b>Total</b>	<b>399.92</b>

The audited annual accounts of GTIPL for the year 2007 shows an amount of Rs.124.59 lakhs towards recovery from suppliers and the amount of Rs.352.58 lakhs considered by us actually relates to exchange gain arising out of servicing of foreign currency loans. The exchange gain is not treated as part of other income, as recorded in the relevant paragraph of the tariff Order of March 2010. Thus, the error needs to be rectified. The difference between the amount of Rs.352.58 considered by us in the tariff Order of March 2010 and the actual amount of Rs.124.59 lakhs as shown in the audited annual accounts of GTIPL works out to Rs.227.99 lakhs (Rs.352.58 lakhs – Rs.124.59 lakhs) which needs to be excluded from the Finance & Miscellaneous income considered for the year 2007.

However, it is also noticed now that the Annual Accounts for the year 2006 shows Exchange Loss to the tune of Rs.30181/-. Since Exchange gain is excluded from the Cost statement, Exchange loss also ought to have been excluded in the Cost statement forming part of March 2010 Order. Accordingly, a sum of Rs.30181/- is reduced from 'Other Expenses' forming part of Operating Expenses for the year 2006. The Annual Accounts for the year 2008 does not reflect any Exchange Loss.

(C). **Net income from ITRHO of Rs. 14.34 Crores each for the years 2009 to 2011 needs to be adjusted in the income instead of Rs. 16.76 Crores adjusted by the Authority each for the said three years. The surplus from the ITRHO activity also needs to be reduced simultaneously to arrive at the accurate figure of rate reduction.**

(i). Tariff Order of March 2010: [Paragraph No.11 (vii) (second paragraph of sub paragraph (a))] and Paragraph No.11 (xii)]

“(vii). *The GTIPL has considered the income estimations arising out of Inter Terminal Rail Handling Operations. (ITRHO) of ICD containers moved by rail. The ITRHO income works out to Rs.1641.11 lakhs each for the years 2009 to 2011. In addition, the GTIPL has considered the estimated receipts from JNPT and NSICT as share for mixed train handling of ICD containers at Rs.35.73 lakhs each for the years 2009 to 2011. The aggregate of the estimated ITRHO income works out to 1676.84 lakhs each for the years 2009 to 2011.*”

“(xii). *The results disclosed by cost statement is summarized as shown in the table given herein under:*

<b>Details</b>	<b>2010 (April 2010 to December 2010)</b>	<b>2011 January 2011 to December 2011</b>
<i>Operating income</i>	40501.43	54001.91
<i>Net Surplus (+)/ Deficit(-)</i>	<b>3446.79</b>	<b>5760.92</b>
<i>Net Surplus (+) Deficit (-) as a percentage of operating income</i>	<b>8.51%</b>	<b>10.67%</b>
<i>Average surplus for the period 1 April 2010 to 31 December 2011</i>	<b>9.74%</b>	

*The cost position depicts an average surplus of 9.74% for the period 1 April 2010 to 31 December 2011. There is, therefore, no justification to grant the proposed increase of 0.27%. On the contrary, the existing tariff is to be reduced for the relevant period to fit into the cost plus method adopted.*

*This average net surplus position of 9.74% is with reference to the estimated operating income for the period 01 April 2010 to 31 December 2011 and the estimated operating income for the said period is inclusive of the estimated income arising out of rail handling operations of ICD containers (ITRHO).*

*As stated earlier, the estimated income arising out of rail handling operations of ICD Containers works out to Rs.1676.84 lakhs each for the years 2010 and 2011. If considered proportionately for the remaining period of nine months of the year 2010, this income will be Rs.1257.63 lakhs. Since the tariff for the ITRHO containers is governed by a separate tariff Order and commonly applicable to all the terminals at JNPT, the reduction warranted by the cost position will not be applicable on the existing rate of Rs.400 per TEU for ITRHO of ICD containers. Taking into account the net surplus of Rs.3446.79 lakhs and Rs.5,760.92 lakhs for the relevant period and considering the adjusted estimated operating income of 39243.81 Lakhs and Rs.52325.08 lakhs for the period 1 April 2010 to 31 December 2010 and 1 January 2011 to 31 December 2011, respectively, the average net surplus as a percentage of operating income works out to 10.05%. The existing tariff level is reduced by 10% across-the-board. The revised tariff to be approved will come into effect from 1 April 2010 and remain valid till 31 December 2011.”*

(ii). Points made by GTIPL in its review application:

The Authority has made ITRHO income adjustments and thus reduced the income by Rs.16.76 crores from the operating income for the years 2009 to 2011. The income from mixed rail handling needs to be calculated as follows:

Collection on entire ICD volumes	Rs.16.40 crores
<u>Add:</u> Payment received from JNPT / NSICT	Rs.0.36 crores
	<b>Rs.16.76 crores</b>
<u>Less:</u> Amount paid to JNPT	Rs.2.42 crores
<b>Net income from ITRHO</b>	<b>Rs.14.34 crores</b>

Not only the income needs to be adjusted as reflected above but also the surplus from ITRHO activity needs to be reduced simultaneously to arrive at the accurate figure of rate reduction.

(iii). Analysis:

The GTIPL has claimed that not only the income but also the surplus from ITRHO activity needs to be reduced simultaneously to arrive at the accurate figure of rate reduction. However, such an approach is feasible only if a separate analysis of income and expenses related to ITRHO is furnished. In spite of a request in this regard, the GTIPL has neither during the proceedings relating to the tariff Order of March 2010 nor in the Review application has furnished the cost of providing ITRHO service. However, the GTIPL has now requested to apply the EBTD margin at the rate of 67% based on the audited annual accounts of 2009 excluding royalty to arrive at the surplus generated from the ITRHO activity.

The EBTD mentioned by GTIPL is the surplus for the terminal as a whole and it is needless to mention that the various activities carried out in a terminal may not return the same share in the overall surplus of the Company. Application of EBTD of the terminal as a whole to determine the EBTD for a particular activity without knowing the cost details relevant for that activity does not appear to be scientific. Also, the tariff fixed for rendering various individual services at GTIPL is not with reference to the cost of providing the respective services. In the circumstance, there is a possibility of deficit making activity/(ies) being cross subsidized by the surplus making activity/(ies). In that case, the flow of cross-subsidisation between the ITRHO and other activities cannot be ruled out. That being so, consideration of the EBTD ratio for the terminal as a whole to ITRHO to determine the surplus arising out of ITRHO does not appear to be correct. Anyway, it is relevant to note that only the additional surplus, over and above the admissible cost and permissible return for the terminal as a whole, has been considered for the purpose of determining the rate reduction in case of GTIPL.

**(D). Moderation of estimated Management overheads with annual increase of 5.80% is meager.**

(i). Tariff Order of March 2010: [Paragraph No.11 (viii) (h)]

*“(h) Overheads*

*In respect of Management & Administration Overheads the GTIPL has proposed increase of 17% for the year 2009 over the actuals for the year 2008 and an increase of 18% each for the years 2010 and 2011 over the respective previous years. In respect of General Overheads, the operator has proposed 10.55% increase for the year 2009 over the actuals for the year 2008 and around 7% increase for the years 2010 and 2011 over the respective previous years.*

*The reason cited for the proposed quantum of increase is the reported merit increases and performance bonus for 2010. The GTIPL has also stated that it has considered an expenditure of Rs.2.06 Crores per annum based on the bill raised by JNPT for deployment of CISF personnel as miscellaneous charges.*

*As brought out earlier, Clause 2.5.1 of the tariff guidelines of March 2005 requires that the expenditure projection of the major ports / private terminal operators should be in line with traffic adjusted for price fluctuation with reference to current movement of WPI. Accordingly, the estimated Management and Administration overheads, for the year 2009 is moderated applying an escalation factor of 5.80% on the actuals for the year 2008 and thereafter the claim of Rs.2.06 Crores made by the JNPT in May 2009 reportedly towards cost of deployment of CISF personnel is considered for the year 2009. The estimates for the year 2010 and 2011 are moderated applying the escalation factor of 5.8% per annum taking the year 2009 as base.*

*The estimated General Overheads is moderated for the year 2009 to 2011 in line with the admissible escalation factor of 5.80% per annum taking the actuals for the year 2008 as base.”*

(ii). Points made by GTIPL in its review application:

- (a). The increase in salary consists of two factors namely merit increase and bonus. Such factors are decided based on a systematic study done by reputed agency “Mercer” each year. Such study includes the industry wise existing pay scales and the corrections required taking into account inflation.
- (b). The comparative figure of management overheads of 2008 over 2007 shows an overall increase of 36% partly due to increase in number of employees and 15% due to annual rise in the salary. The same methodology has been adopted since inception and is included in the audited accounts of the company submitted to the Authority for the years 2006 to 2008. In the industry where attrition rate is very high, it is difficult to retain the employees with a meagre annual increase of 5.8%. The annual increase for the year 2010 has been decided at 14.5% (GTIPL has furnished a statement to show average increase of 14.50% in salary for white and blue collar employees).

(iii). Analysis:

This Authority is guided by the revised tariff guidelines which require the expenditure to be estimated based on the current WPI (for all commodities) and adjusted for traffic growth. The WPI is applied to escalate the expenditure estimations for the future period, furnished by the major port trust and private terminals operating thereat.

This Authority has uniformly applied the applicable escalation factor in moderation of the expenditure projections including salary expenses in disposing of the tariff proposals of Visakha Container Terminal Private Limited (VCTPL), India Gateway Terminals Private Limited (IGTPL) and Cochin Port Trust (COPT) during the financial year 2009-10 vide Orders dated 28 July 2009, 5 August 2009 and 23 February 2010 respectively. The plea of GTIPL does not merit consideration.

(E). **The Authority has reduced the RTG maintenance cost from the Repairs and Maintenance Cost for calculation of inventory. The actual inventory for the year 2006 to 2008 and the estimates for the years 2009 to 2011, which are very close to actuals for the year 2006 to 2008 should be considered.**

(i). Tariff Order of March 2010

[ First sub para of Para No. 11 (viii) (a) (aa)]:

“(aa). RTG Operating Cost:

*The GTIPL has outsourced reportedly on a competitive bidding basis the operation and maintenance of RTGs to M/s. KALMAR in June 2006. It is seen that the agreement entered into by GTIPL in June 2006 is for a period of 5 years. As*

also seen from the copy of the agreement entered between GTIPL and KALMAR, the contract is a package for execution of the work relating to RTG repairs and maintenance and operations. The GTIPL has apportioned one third of the RTG operations and maintenance cost under RTG operators manpower cost as direct labour cost and the remaining two third under Repairs & Maintenance cost for the purpose of accounting the expenditure. The quantum of allocation of the expenditure to two different heads made by GTIPL is considered since ultimately the total expenditure is relevant for deciding on tariff.”

**[Paragraph No.11 (ix) (e)]**

- “(e). Working Capital:  
 With respect to inventory, the GTIPL has considered the inventory (other than capital spares) at 50% of the estimated repair & maintenance cost of equipments. Clause 2.9.9 of the tariff guidelines of March 2005 prescribes a maximum of 6 months average consumption of stores excluding fuels. Since the estimates on the consumption of stores are not made available, the approach adopted by GTIPL in this regard is considered subject to verification with reference to actual in the next review of its tariff.

*Incidentally, since the estimated repairs & maintenance cost of equipments includes the repairs & maintenance cost of RTGs and keeping in view the fact that the GTIPL has outsourced the repairs & maintenance of RTGs, 50% of the estimated repair & maintenance cost of equipment excluding the repair & maintenance cost of RTGs is only considered”.*

- (ii). Points made by GTIPL in its review application:

- (a). The Authority has reduced the RTG maintenance cost from the Repairs and Maintenance cost and calculated inventory at 50% of the Repairs and Maintenance cost for the years 2006 to 2011. GTIPL has calculated the inventory at six months average consumption as described in clause 2.9.9. of the tariff guidelines of March 2005. Calculation of inventory at 50% of the Repairs and Maintenance cost is comparable to actual inventory figures as reflected in the annual accounts.
- (b). Removing the RTG maintenance cost from the Repairs and Maintenance cost has resulted in mismatch with the actual inventory as reflected in the annual accounts from 2006 to 2008. The actual inventory is on higher side due to the customized spares brought along with major equipments like RMQCs and RTGs and critical spares where the lead time for delivery is very high and / or parts are not easily available. Clause 2.9.9. of the tariff guidelines does not specify any limit on the customized spares inventory. Therefore, the actual inventory figure for the years 2006 to 2008 and the estimates for the years 2009 to 2011, which are very close to the actuals for the years 2006 to 2008, may please be considered. A comparative table for the actual / estimated figures of GTIPL as moderated by Authority is given below:

**(Rs. in crores)**

Years	Actuals			Estimates		
	2006	2007	2008	2009	2010	2011
GTIPL	1.88	5.31	6.64	9.16	9.57	9.99
TAMP	0.27	1.08	1.93	2.72	2.88	3.05

[As recorded in paragraph No. 11 (ix)(e) of the tariff Order of March 2010, GTIPL has outsourced the Repairs and Maintenance of RTGs to KALMAR. The obligations of KALMAR as per the Maintenance and Operating Agreement for RTGs entered between KALMAR and GTIPL includes maintenance of RTGs repair works, supply of spare parts and components by KALMAR for repair and maintenance of RTGs, as seen from Clauses 1.2 and 5 of the Agreement entered into between KALMAR.]

(iii). Analysis:

Clause 2.9.9. of the tariff guidelines of 2005 stipulates limit on the capital spares to the extent of one year's average consumption and in case of other items of inventory to the extent of six months' average consumption of stores. In the proceeding relating to tariff Order of March 2010, the GTIPL instead of estimating inventory following the norms prescribed in the guidelines, adopted the approach of estimating Inventory at 50% of the estimated repairs and maintenance cost of equipments. Since the estimates on the consumption of stores were not made available, the approach adopted by GTIPL in this regard was considered, subject to verification in next review.

In the review application, the GTIPL has made a comparison of the estimated inventory based on the repairs and maintenance cost with the actual inventory reflected in their books of Accounts. It is to be borne in mind that the relevant provision in the tariff guidelines of March 2005 prescribes norm for the maximum level of Inventory to be allowed as an item of current asset and the actual level of inventory maintained by a terminal operator is not relevant.

While moderating the estimated expenditure towards operating and direct labour cost and equipment running cost (which includes operating cost and repairs and maintenance cost of RTGs payable to KALMAR) for the year 2009, escalation was allowed more than 5.80% over the actuals for the year 2008, for the reason that the operations and maintenance of RTGs are governed by a separate contract entered between GTIPL and KALMAR. The contractual payment to be made to KALMAR for operation and maintenance of RTGs includes maintaining necessary inventory. Since the subsisting contract is recognized in the estimates of operating expenditure even though the resultant expenditure was more than the permissible level of escalation, it cannot be argued that the effect of the contract should be ignored everywhere else in the same analysis.

Responding to a query to furnish the accounting treatment given to the capital spares of RTGs, the GTIPL has furnished a list under cover of its letter dated 2 August 2010 which shows the purchase of capital spares by GTIPL for RMQC, RMGC and Spreaders. The list furnished by GTIPL does not serve any purpose as it does not give the actual annual consumption of capital spares with reference to RTG.

As no error is apparent in the calculation of Inventory, the request of GTIPL for a review based on the actual inventory for the years 2006 to 2008 and its estimates for the years 2009 to 2011 is rejected.

**(F). Full adjustment of past surplus contravenes the tariff guidelines. Only 50% of the past surplus should be adjusted.**

(i). Tariff Order of March 2010 [Paragraph No.11 (iii) (i) and (vi) (a)]

*“(i). The GTIPL commenced its operations on 15 March 2006 and operated the facilities by levying the tariff prescribed in the Scale of Rates of JNPT as an interim measure as approved by this Authority. As stated earlier, the revised rates came into force on 13 October 2006. The GTIPL was in deficit to the tune of Rs.8,441.22 lakhs in 2006 and has earned additional surplus over and above the admissible cost and permissible return to the tune of Rs.5,419.01 lakhs and Rs.12,152.95 lakhs for the years 2007 and 2008 respectively. The aggregate additional surplus position for the said three years works out to Rs.9,130.74 lakhs after adjustment of the deficit of the year 2006.*

*The analysis of the actual physical performance of GTIPL as compared to the estimates considered for the year 2006 to 2008 together, shows a positive variation of 26% in actual traffic. Clause 2.13 of the tariff guidelines of March 2005 stipulates that if the performance variation of more than 20% is observed as compared to the projection, 50% of the benefit already accrued will be set off while revising the tariff. However, while relying upon the traffic estimates furnished by*

GTIPL, in view of the general economic growth of the country and therefore, the trend of growth in container trade at the relevant point of time, this Authority decided that adjustment for variation in estimates will not be considered in terms of clause 2.13 of the tariff guidelines of March 2005 but it would be reasonable to adjust fully the additional surplus, if any, arising in the context of estimation variation, as recorded in paragraph no. 12 (vi) of the tariff order dated 23 August 2006. Incidentally, the mention made at paragraph 6 of the Order dated 27 March 2009 extending the validity of the existing Scale of Rates of GTIPL till 30 June 2009 that Clause 2.13 of the tariff guidelines will be applied to review the actual physical and financial performance of GTIPL only upto 31 December 2008 is an oversight. Full adjustment of surplus earned after the expiry of original validity period is a condition already set commonly for all ports / terminals vide the general Order No.TAMP/23/2003-WS dated 30 September 2008. Further, the question of estimate variation does not arise in the year 2009 as the previous tariff was fixed considering estimates only upto the year 2008.

The GTIPL has now argued that adjustment of past surplus should be governed by the relevant provisions of the tariff guidelines as increased volumes was the result of its operational efficiency. The tariff guidelines of 2005 permits this Authority to deviate from any of the provision and this Authority for stated reasons decided to treat estimates variation in the case of GTIPL differently. That it will be treated differently was an advance notice given way back in August 2006 itself. In other words, the tariff increase granted in August 2006 was subject to the condition of adjusting fully the effect of estimate variation in the current cycle. There does not appear to be any reason for reviewing the decision already taken”.

- “(vi). (a). The GTIPL in its revised proposal submitted in May 2009 estimated a traffic of around 12.00 lakh TEUs, 13.80 lakh TEUs and 15.80 lakh TEUs for the years 2009 to 2011 respectively. Responding on the proposal of GTIPL, the JNPT felt that the traffic estimates pegged by GTIPL are conservative. At the joint hearing held in the case, the BCCI pointed out that the traffic anticipated to be handled by GTIPL for whole of the year 2009 was already achieved by it with two months to go for closure of the year 2009 and sought for careful scrutiny of the traffic estimates of the GTIPL. Subsequently on our advice, the GTIPL has revisited the traffic estimate for the year 2009 and scaled up the same to 15,18,038 TEUs. The GTIPL has maintained same level of traffic for the years 2010 and 2011 also on the ground that the global recession is not fully over. As correctly observed by BCHAA, the year 2009 could be an exceptional year faced with economic slowdown. Later part of 2009, however, showed a promise of revival which is also evident from the month-on-month volume increase in GTIPL. GTIPL itself justifies its investment on two additional RMQCs and some RTGs to the high demand situation at JNPT. In such a scenario, maintaining the same level of throughput for the next two years also appears to be not very convincing. This Authority does not carry out any independent traffic study for individual ports and terminals. Neither, the JNPT nor any major user associations has furnished any details on the possible future traffic scenario at GTIPL. That being so, suo motu modification of traffic estimates of GTIPL cannot be done with any amount of certainty and reasons. The traffic projections as furnished by GTIPL is, therefore, relied upon for the purpose of this analysis. However, if any undue advantage is found to have accrued to the GTIPL owing to variation of actual performance in traffic and keeping in view that the projected traffic does not assume growth for the years 2010 and 2011 and additional investment is considered in this exercise the effect of variation in traffic will not be considered in terms of Clause 2.13 of the tariff guidelines of March 2005 but will be adjusted fully in the next cycle.”

(ii). Points made by GTIPL in its review application.

- (a). Traffic projections for the years 2009 to 2011 had been revised as required by the Authority vide its letter dated 3 December 2009 from 1.2 Million TEUs, 1.38 Million TEUs and 1.58 Million TEUs to 1.51 Million TEUs each for the years 2009 to 2011 respectively. The said projections are based on Year To Date (YTD) November 2009 throughput, as stated by the GTIPL in its proposal dated 7 December 2009. Further, there was an overall 8% trade decline in volumes at JNPT.
- (b). As a prudent terminal operator and in the interest of trade and country, GTIPL is at the forefront in using its resources to ensure that the trade is not denied the advantage of using JNPT. The growth of the terminal throughput is entirely dependant upon the trade growth, which declined by 8% in 2009, and the terminal acts only as a facilitator.
- (c). Clause 2.13. of the tariff guidelines of March 2005 provides for the adjustment of 50% of any benefit accrued if the variation is beyond 20%. Full adjustment would be in contravention of the guidelines. It will deny the benefit of operating efficiency to the terminal operator as the limiting of throughputs would deny the benefit to the trade and detrimental to the country. Tariff guidelines of March 2005 may be maintained and the 50% of any benefit accrued may be adjusted if the variation is beyond 20%, in the next tariff cycle.

(iii). Analysis:

- (a). Clause 2.13 of the 2005 tariff guidelines lays down the criteria of physical/ financial performance variation of more than + / - 20% between the estimates and actuals of the port operator for adjustment of past surplus in future tariff. This Authority has followed this guideline position in the tariff Order of March 2010 before quantifying the additional past surplus accrued to GTIPL in the last tariff cycle.
- (b). Clause 2.13 of the 2005 tariff guidelines also envisages adjustment of 50% of the past surplus in future tariff, if the variation in physical/ financial performance is more than + / - 20%. However, full additional past surplus accrued to GTIPL was considered for adjustment in the future period. Adjusting the entire past surplus in future tariff flows from the decision already taken by this Authority in the tariff Order of August 2006. The said condition was imposed as this Authority was not fully convinced about the traffic forecast furnished by GTIPL for the years 2006 to 2008. As it turned out, the actual traffic handled was 26% more than the estimates. The tariff increase granted in the August 2006 Order was subject to the condition of adjusting full surplus in the future period. Tariff approved vide August 2006 Order was implemented without any demur by GTIPL. Having enjoyed the beneficial part of the Order, GTIPL cannot seek to discard the onerous part of the same Order.
- (c). The GTIPL maintained the same level of traffic estimated for the year 2009, for the years 2010 and 2011 also without considering any traffic growth perpetuating the effect of recession. At the same time, GTIPL had proposed additional investment on container handling equipment to meet the high demand situation at JNPT. In the tariff Order of March 2010, the traffic projections as furnished by GTIPL were relied upon and the additional investment on container handling equipment was taken into account for the purpose of allowing return, subject to the condition that the effect of variation in traffic will not be considered in terms of clause 2.13 of the tariff guidelines of March 2005 but will be adjusted fully. Nevertheless, it is necessary to clarify that the entire additional surplus will be considered for adjustment, only if the variation between the estimated and actual traffic is more than + / - 20%, as stipulated in clause 2.13 of the tariff guidelines of March 2005. This particular point was not clarified in the March 2010 Order.

(G). **Increase proposed to handle Hatch Covers, reefer monitoring charges, hazardous containers, transshipment Over Dimensional Containers and transshipment hazardous containers not considered.**

(i). Points made by GTIPL in its review application:

- (a). (1). GTIPL proposed an increase in the Hatch cover charges, via bay and on vessel over and above 0.27% increase sought over the existing rates. However, the Authority has given an across-the-board reduction of 10% over the existing rates without explaining reasons therefor for not granting such specific increase.
- (2). These services are value added services to the trade since the hatch cover handling is an opportunity loss to the terminal. The cost recovery on reefer monitoring charges is inadequate due to higher electricity consumption and increasing rate per unit electricity. The comparative position for hatch cover charges and reefer monitoring charges existing at GTIPL, rates proposed by GTIPL and rates at the NSICT is shown below:

(Amount in USD)

Activity	GTIPL (existing)	GTIPL (proposed)	GTIPL (approved)	NSICT (existing)
Hatch cover shifting - via bay	72.90	90	65.61	85.71
Hatch cover shifting - on vessel	29.16	40	26.24	34.30
Reefer monitoring charges	4.86	6.25	4.37	8.57

- (b). The rate prescribed in the existing Scale of Rates of GTIPL for handling hazardous containers are higher by 1.154 times of the rates of normal containers. Ideally, the rate should be higher by 1.25 times of the rate of the normal containers. Therefore, an amendment was sought in the proposed Scale of Rates to correct the rates of hazardous containers to that extent. The same is not addressed in the approved Scale of Rates. The Authority is requested to amend the Scale of Rates since it is the accepted trade practice at JNPT.
- (c). (i). The existing Scale of Rates of GTIPL does not differentiate between normal transshipment containers and hazardous transshipment containers, the rate being the same at Rs.3540 for a 20' container. In the proposed Scale of Rates, GTIPL rectified this error by proposing the rate for transshipment hazardous containers at 1.25 times of the normal transshipment containers which has not been addressed by the Authority.
- (ii). Similarly, the rate for transshipment Over Dimensional Containers (ODC) needs to be at 2 times the rate for normal transshipment containers. This particular rate was also corrected in the proposed Scale of Rates. However, in the approved Scale of Rates, it is only twice the rate for ship to yard activity (Rs.2761 x 2 = Rs.5522). It should be corrected to Rs.6372 (Rs.3186 x 2) since the rates for transshipment containers are always composite rates.

(ii). Analysis

- (a). GTIPL had proposed increase in the hatch cover shifting charges via bay and hatch cover shifting charges on vessel over and above the general increase of 0.27% sought by it in the proceedings relating to tariff Order of March 2010.

The GTIPL neither furnished the justification nor furnished the revenue implication for the higher level of increase sought by it in respect of the said tariff item in the

relevant proceeding. The surplus position as reflected in the cost statement of GTIPL is at the then existing level of tariff prevailing in GTIPL. Therefore, an across the board reduction of 10% was effected in then existing rates of GTIPL, including the tariff items hatch cover shifting via bay and hatch cover shifting on vessel.

It is noteworthy that in case of GTIPL, the ratio of the rate prescribed for hatch cover shifting to the rate for handling normal container is around 94%, which is same as that prevailing at the container terminal operated by JNPT. It is seen at the other container terminals at other major ports (except NSICT and Indira Container Terminal Private Limited) that the ratio is in the range of around 63% to 79%. There does not appear to be any case for acceding to the request made by GTIPL for a higher tariff for hatch cover shifting.

It is noteworthy that the differential in the rates prescribed for hatch cover handling and normal handling charges for containers in the pre-revised Scale of Rates was maintained in the March 2010 Order. The claim of GTIPL in this regard is rejected.

- (b). In its proposal which was disposed by the tariff Order of March 2010, the GTIPL had sought an increase of 30.21% over and above the general increase sought by it in respect of Reefer Monitoring and Connection. The GTIPL neither furnished the justification nor furnished the revenue implication for the higher level of increase sought by it in respect of the said tariff item in the relevant proceeding. For the reasons stated in the preceding paragraph, the then existing rate for the said service also was reduced by 10%.

The basis for the proposed increase in the charges for Reefer Monitoring and Connection is stated to be on account of higher electricity consumption and increase in unit rate of electricity. As recorded in Paragraph no. 11(viii)(b)(ba) of the Order of March 2010, this Authority has already considered the consumption of power of 13.73 units per TEU as compared to the consumption of 12 units per TEU at the neighbouring terminal NSICT. The higher power consumption was allowed for GTIPL because of the reported higher volumes of Reefer containers being handled at GTIPL, as recorded in the said paragraph. The unit rate of Rs.11.46 per TEU considered in the tariff Order of March 2010 was the rate supported by documentary proof furnished by GTIPL at the relevant point of time. No new position has been brought out by GTIPL now, warranting increase in the charges for Reefer monitoring and connection. Since the expenses related to handling reefer containers have already been captured in the tariff Order of March 2010, no hardship is caused to GTIPL on account of non-prescription of higher charges for reefer monitoring and connection.

- (c). The rate prescribed in the pre-revised Scale of Rates in respect of charges for handling hazardous containers from ship to yard is 15.38% higher than the charges prescribed for handling normal containers from ship to yard. GTIPL in its earlier proposal had proposed a premium of 25% for handling hazardous containers over the rates for handling normal containers. Since it was decided to effect an across the board reduction of 10% on the then existing rates, the differential of 15.38% between hazardous and normal containers is maintained after the revision. Incidentally, the financial implication of the proposed increase in the premium for handling hazardous containers was not made available.

The income estimation furnished by GTIPL during the proceeding relating to tariff Order of March 2010 was verified with reference to the workings furnished by GTIPL. On re-checking of the workings, it is seen for calculating the income from hazardous containers, the GTIPL had considered some rates for calculation which

are not as per the pre-revised Scale of Rates. The rates considered by GTIPL in this regard were more than the then existing rates prescribed for hazardous containers. A table summarizing the position is given below:

Particulars	Volume of Hazardous Containers considered in the tariff Order of March 2010	Revenue considered in the income estimates of Order of March 2010		Revenue based on the rates prescribed in the pre-revised SOR.		Additional income estimated erroneously (Rs.)
		Rate (Rs.)	Revenue (Rs.)	Rate (Rs.)	Revenue (Rs.)	
20'	43812	4130	180943560	3540	155094480	25849080
40'	5315	6195	32925862	5310	28222650	4703212
Above 40'	4	8260	36044	7080	28320	7724
			<b>213905465</b>		<b>183345450</b>	<b>30560016</b>

The additional income erroneously estimated works out to Rs.305.60 lakhs per annum, which needs to be excluded from the estimated operating income estimation for each of the years 2009 to 2011 from the estimated operating income. It is noteworthy that the GTIPL has confirmed that the rates were levied only as per the Scale of Rates.

Clause 5.7.3. of the tariff guidelines of 2005 permits premium to the extent of 25% for handling charges of hazardous containers. Infact the GTIPL had proposed a premium of 25% for handling hazardous containers in the proposal relating to the tariff Order of March 2010. Therefore, the rates earlier prescribed for handling hazardous containers are to be amended suitably so as to give effect to 25% premium on the handling charges prescribed for respective category of containers. The additional annual income estimated on account of the above mentioned amendment is calculated below:

Particulars	Volume of Hazardous Containers considered in the tariff Order of March 2010	Revenue based on the additional premium to the tune of 9.62%	
		Rate (Rs.)	Revenue (Rs.)
20'	43812	295	12924540.00
40'	5315	442.50	2351887.50
Above 40'	4	590	2360.00
			<b>15278787.50</b>

Thus, the additional income works out to Rs.152.79 lakhs per annum (Rs.1986.24 lakhs – Rs.1833.45 lakhs).

- (d). (i). In the Scale of Rates notified vide tariff Order of March 2010 as well as in the Scale of Rates prevailing prior to March 2010, rates for handling transshipment hazardous container and transshipment over dimensional containers, are same as those of normal hazardous containers and normal ODC containers respectively.

GTIPL has proposed a premium of 25% for handling hazardous transshipment containers over the rates for handling normal transshipment containers. To a query to furnish financial implication in this regard, the GTIPL has pleaded its inability to quantify the additional income due to non-availability of data. It has, however, stated that the income on this account will be negligible since the traffic in this category will be very less. Incidentally, the GTIPL has neither furnished the traffic, nor the income from this category in its proposal relating to tariff Order of March 2010. It is, however, seen from the traffic projections furnished by GTIPL in the tariff proceeding relating to March 2010 Order that the total hazardous

containers constitute around 3% of the total traffic of GTIPL. As such, the percentage of hazardous transshipment containers will anyway be less than 3%.

Keeping in view that the Clause 5.7.3. of tariff guidelines of March 2005 permits 25% premium for handling hazardous containers, the existing charges for handling transshipment hazardous containers are revised to give effect to 25% premium over the rates prescribed for handling normal transshipment containers.

- (ii). The pre-revised Scale of Rates of GTIPL prescribed uniform rates for handling all over dimensional containers (ODC) including transshipment ODC. In its proposal relating to tariff Order of March 2010, GTIPL proposed rates for transshipment ODCs at twice the rates for normal transshipment containers. However, the pre-revised rates were reduced by 10% without giving effect to the request made by GTIPL for the reasons stated earlier in this analysis.

The tariff guidelines of 2005 do not stipulate a higher rate for handling ODCs. In the neighbouring terminals at NSICT and container terminal operated by JNPT, the rates prescribed for ODCs do not differentiate between transshipment ODC containers and other ODC containers. It is recognized that additional efforts are involved in handling ODC's. However, the cost details are not quantified and furnished separately. The extra cost, if any, is in any case built into the expenditure estimates for the terminal as a whole. This Authority is, therefore, not in a position to accede to the request made by GTIPL in this regard. No hardship is caused to GTIPL on account of non-prescription of higher charges for handling transshipment ODCs. The GTIPL can propose higher charges for handling transshipment ODCs in the next review of tariff of GTIPL, supported by cost details, if it so desires.

**(H). Increase proposed in dwell time charges for ODC containers not considered by the Authority.**

- (i). Tariff Order of March 2010 [Paragraph No.11 (xx)]

(xx). *In the existing arrangement, dwell time charge for over height and over-dimensional container is leviable at 1.25 times of the normal applicable charges. The reason for the proposed increase in the dwell time charge for the said category of containers to 2 times from the existing level of 1.25 times remains unexplained. The existing provision may continue without any change.*

- (ii). Points made by GTIPL in its review application:

GTIPL has proposed the dwell time charges for ODC containers at twice the rates of the normal containers. This is because ODC containers occupy more space and containers cannot be stacked over ODC. The dwell time charges for ODC containers are thrice the rate for normal containers at JNPT and NSICT. The Authority has, however, prescribed dwell time charges for ODC containers at 1.25 times the rates for normal containers in the approved Scale of Rates without giving any justification for doing so.

- (iii). Analysis

As explained by GTIPL in the review application, ODC containers occupy more space and containers cannot be stacked over ODC. It is noteworthy that the dwell time charges for ODC containers at the neighbouring terminals are prescribed at thrice the dwell time rate for normal containers. Though no detailed working is furnished, the GTIPL has quantified the total additional financial implication arising out of all the amendment to the existing provision relating to the dwell time charges to the tune of Rs.3.38 lakhs per annum, which

also appears to include the additional income on account of the proposed increase in the dwell time charges for the over dimensional containers. The position reported by GTIPL is relied upon. Incidentally, the ODC traffic estimated by GTIPL in the tariff proceeding relating to the March 2010 Order constitute only around 0.50% of the total traffic. In this backdrop, this Authority is inclined to amend the existing provision suitably to prescribe dwell time charges for ODC containers at twice the dwell time rate for normal containers as proposed earlier by GTIPL in the tariff proceeding relating to the Order of March 2010.

(I). **Slab structures prescribed for levy of dwell time charges for ICD containers, transshipment loaded containers and transshipment empty containers needs to be prescribed in line with industry practice.**

(i). Tariff Order of March 2010 [Paragraph No.11 (xix)]

“(xix). In respect of the free dwell time period for storage of container, the GTIPL has proposed increase in the free period for loaded export container from the existing level of 3 days to 7 days.

*The existing free period of 15 days for ICD containers, 30 free days for transshipment loaded container and 15 free days for transshipment empty container are proposed to be reduced to 10 free days, 7 free days and zero free days respectively. The GTIPL has reported that the actual dwell time of containers is less than the free period prescribed in the existing arrangement and the proposed arrangement is at par with the position obtaining at the NSICT. In fact in respect of empty containers and ICD loaded containers the GTIPL has proposed three and ten free storage days as compared to zero and seven free days obtaining at the NSICT. Incidentally, none of the users consulted in the proceedings has raised any objection on the proposed modifications. The proposed modification in the existing free dwell time is approved.”*

(ii). Points made by GTIPL in its review application:

There is a difference between the days’ slab for calculation the dwell time charges proposed by GTIPL and approved by the Authority in the Scale of Rates. The details are given below:

(a). Section D : ICD – Loaded and Empty Import & Export Containers moved by rail

Slabs	Proposed by GTIPL	Approved by the Authority
Free days	10	10
First Slab	11-15 days	11-30 days
Second Slab	16-30 days	31-45 days

(b). Section E : Transshipment loaded containers

Slabs	Proposed by GTIPL	Approved by the Authority
Free days	7	7
First Slab	8-15 days	8-45 days
Second Slab	16-30 days	Thereafter

(c). Section F : Transshipment Empty containers

Slabs	Proposed by GTIPL	Approved by the Authority
Free days	Nil	Nil
First Slab	Upto 7 days	Upto 7 days
Second Slab	8-15 days	8-30 days

It may be noted that it is the industry practice to frame the day's slab in the blocks of 15 days each. The same practice is being followed at JNPT and NSICT. This will cause revenue loss to GTIPL due to containers falling in the slabs with lower dwell time charges.

(iii). Analysis

At the time of commencing of their respective operations, both the GTIPL and NSICT had adopted the rate structure prevailing at JNPT. As such, the storage slab structure prevailing at all the terminals operating at JNPT was similar. Subsequently, the JNPT and NSICT had approached this Authority separately with their respective proposals to effect change in the slab structure of dwell time charges for ICD and transshipment containers. The GTIPL, instead of making a separate proposal in this regard, had included it as part of its general revision proposal.

Paragraph No.11 (xix) of Tariff Order of March 2010 analyses the reduction in the free days pertaining to ICD containers and Transshipment (Loaded & Empty) containers. In the proceeding which culminated in tariff Order of March 2010, the GTIPL did not furnish the financial implication on account of reduction/ removal of free storage days, despite a specific request to this effect made by us. Nonetheless, this Authority approved reduced free time as proposed but did not effect any change in the subsequent charging slabs.

The GTIPL has now quantified the financial implication at Rs.3.38 lakhs per annum. The slab structure for levy of dwell time charges prescribed in the existing Scale of Rates of NSICT, CCTL and the container terminal operated by JNPT is generally in the block of 15 days. The slab structure for storage charges in respect of ICD containers and Transshipment (Loaded & Empty) containers as proposed by GTIPL is, therefore, approved.

(J). Prescription of conditionality relating to One door opening:

This Authority vide paragraph no. 11(xxiv) of Order dated 3 March 2010 has inter alia, approved the charges for one door open at Rs.1000 per container, on the ground that a similar tariff item and rate is approved in the neighbouring container terminal of NSICT. The Scale of Rates of other container terminals like NSICT, Chennai Container Terminal (CCTL) and Visakha Container Terminal Private Limited (VCTPL) contain rate for one door opening with an explanatory note stating that "One Door Open charge is applicable for handling container which requires only one door to be kept open (e.g. Onion) and when door opening and securing is carried in the terminal". A note defining 'One door open', in line with the note prescribed in the SOR of other container terminals is now inserted in the notified SOR of GTIPL.

The SSAPL has also sought clarification as to whether the said service is optional. In line with the position obtaining at NSICT, the service relating to 'One door opening' will be optional and will be rendered by GTIPL only at the request of the users.

11.1. In the light of the analysis given above, the past surplus quantified for the years 2006 and upto March 2010, stands revised on account of the following:

(Rs. in Lakhs)

SI. No.	Items	2006	2007	2008	2009	2010 (3 months)	Total
(i).	Finance & miscellaneous Income	-	227.99	-	-	-	227.99
(ii).	Share of ITRHO Income paid to JNPT	-	-	-	336.63	84.16	420.79
(iii).	Income from handling hazardous containers	-	-	-	305.60	76.40	382.00
(iv).	Foreign Exchange Loss	(0.30)	-	-	-	-	(0.30)
	<b>Total</b>	<b>(0.30)</b>	<b>227.99</b>	<b>-</b>	<b>642.23</b>	<b>160.56</b>	<b>1030.48</b>

Thus, the revised past period surplus for the period from 2006 to March 2010 is assessed as shown below:

Additional Surplus for the years 2006 and upto March 2010 as determined in the tariff Order of March 2010.	Rs.11843.52 lakhs
Less: Effect of the adjustments explained above	Rs. 1030.48 lakhs
Revised Net Surplus for the years 2006 and upto March 2010.	Rs.10813.04 lakhs

11.2. The estimated surplus quantified (before adjustment of past surplus) for the period from April 2010 to December 2011 in the tariff Order dated 3 March 2010 is revised as follows:

(Rs. in Lakhs)				
SI. No.	Items	2010 (9 months)	2011	Total
1.	<b>Net surplus assessed before adjustment of past surplus, in March 2010 Order. (A)</b>	1670.26	3392.22	<b>5062.48</b>
2.	Less: Adjustments effected on account of the Review Application			
	(i).Share of ITRHO Income paid to JNPT	(252.47)	(336.63)	<b>(589.10)</b>
	(ii).Income from handling hazardous containers	(229.20)	(305.60)	<b>(534.80)</b>
3.	<b>Revised net surplus before adjustment of past surplus (B)</b>	<b>1188.59</b>	<b>2749.99</b>	<b>3938.58</b>
4.	<b>Variation in the net surplus assessed before adjustment of past surplus (A – B)</b>	<b>481.67</b>	<b>642.23</b>	<b>1123.90</b>

11.3. Since no reduction has been effected in the rate towards ITRHO, the estimated revised operating income arising out of rail handling operations of ICD containers to the tune of Rs.1415.48 lakhs for the year 2011 and Rs.1061.61 lakhs (proportionately for the period of nine months of the year 2010) needs to be reduced from the revised estimated operating income.

11.4. As stated in the earlier part of this analysis, the aggregate of the additional income arising out of the proposed amendment to the rates for handling hazardous containers (Rs.152.79 lakhs) and change in the slab structure of the dwell time charges for ICD and transshipment containers (Rs.3.38 lakhs) works out to Rs.156.17 lakhs per annum. Considering the time involved in the procedure for notification of the Order in this case, the financial impact of the amendments is considered from January 2011 to December 2011.

11.5. The variation in the net surplus assessed before adjustment of past surplus in the review application as a percentage of the revised operating income excluding ITRHO income is shown below:

Estimated Operating Income at the pre-revised tariff for the period from 1 April 2010 to 31 December 2010 after the above mentioned adjustments.	Rs.93379.44 lakhs
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<b>Add:</b> Additional income for the year 2011 arising from new tariff items	Rs. 156.17 lakhs
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<b>Less:</b> ITRHO income	Rs. 2477.09 lakhs
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Revised Operating income	Rs.91058.52 lakhs
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Variation in the net surplus assessed before adjustment of past surplus in the March 2010 Order and that in the review application.	Rs. 1123.90 lakhs
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Variation as a % of Revised Operating Income.	1.23%
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12.1. From the above analysis, it can be seen that the effect of the adjustments carried out on account of the review application filed by GTIPL, on the net surplus assessed in the March 2010 Order is to the extent of 1.23%. Thus, the effect of the variation arising out of the review application is marginal. The tariff ordered in March 2010 is due for review in little more than a year. It is also relevant to mention here that the past surplus for the period from January 2009 to March 2010 is based on estimates. Keeping in view these aspects, and with a view to maintain stability in tariff, the rates already approved vide Order of March 2010 are not tinkered with. It is also relevant to note that by maintaining status quo in the level of tariff, the GTIPL will not be put in hardship, on account of availability of past surplus.

12.2. To maintain the same rate of reduction as effected in the March 2010 Order, a change is to be effected in the amount of past surplus to be set off during the period from April 2010 to December 2011. An amount of Rs.5156.58 lakhs is required for the period from April 2010 to December 2011 to maintain the financial position supporting the existing Scale of Rates. The GTIPL would earn an additional income to the tune of Rs.156.17 lakhs during the period from January 2011 to December 2011 from the tariff adjustments to be approved as stated earlier. Therefore, after adjusting the additional income of Rs.156.17 lakhs, a resultant past surplus to the tune of Rs.5000.41 lakhs will have to be set off during the period from April 2010 to December 2011. Thus an amount of Rs.5812.63 lakhs will be adjusted in next tariff cycle commencing from the year 2012, instead of the amount of Rs.7698.28 lakhs quantified in the tariff Order of March 2010. A modified cost statement is attached as **Annex - I**.

12.3. Since the financial impact arising out of the amendments to the Scale of Rates of GTIPL is considered from January 2011, the amended provisions shall come into force from 1 January 2011.

13. In the result, and for the reasons given above, and based on a collective application mind, this Authority decides the following:

- (i). No change is necessary in the quantum of rate reduction already ordered vide tariff Order of March 2010.
- (ii). The unadjusted past surplus of Rs.5812.63 lakhs pertaining to the past period (Year 2006 and upto March 2010) is to be considered for set off from the tariff cycle commencing from the year 2012.
- (iii). The provisions in the existing Scale of rates of GTIPL notified vide Order dated 3 March 2010 are replaced with the following provisions as shown below:

(a). The existing sub-section A under Section – 3 is replaced with the following:

**“A. Ship to yard using port crane**

Particulars	Foreign-Going (In Rs.)			Coastal (in Rs.)		
	20'	40'	Over 40'	20'	40'	Over 40'
Loaded Container	3451.50	5177.25	6903.00	2070.90	3106.35	4141.80
ICD Container	3451.50	5177.25	6903.00	2070.90	3106.35	4141.80
Transshipment Container	3982.50	5973.75	7965.00	2389.50	3584.25	4779.00

(b). The existing sub-section F under Section – 9 is replaced with the following:

**“F. One door Open Charge per container - Rs.1000.00**  
 (One Door Open charge is applicable for handling container which requires only one door to be kept open (e.g. Onion) and when door opening and securing is carried in the terminal.)”

- (c). The existing sub-section D, E and F under Section – 10 is replaced with the following:

**“D. ICD - Loaded and Empty Import and Export Containers moved by Rail**

Particulars	Foreign-going (In US \$)			Coastal (In Rs.)		
	20'	Over 20'	Over 40'	20'	Over 20'	Over 40'
First 10 Days	Free	Free	Free	Free	Free	Free
11 -15 days	3.03	6.07	9.10	141.66	283.32	424.94
16 - 30 days	6.07	12.13	18.20	283.32	566.64	849.87
Thereafter	12.13	24.26	36.40	566.64	1133.28	1699.74

**E. Transshipment loaded Containers**

Particulars	Foreign-going (In US \$)			Coastal (In Rs.)		
	20'	Over 20'	Over 40'	20'	Over 20'	Over 40'
First 7 Days	Free	Free	Free	Free	Free	Free
8 -15 days	3.46	6.91	10.37	161.37	322.79	484.20
16 - 30 days	6.90	13.81	20.71	322.38	644.76	967.10

**F. Transshipment empty containers**

Particulars	Foreign-going (In US \$)			Coastal (In Rs.)		
	20'	Over 20'	Over 40'	20'	Over 20'	Over 40'
First 7 Days	3.46	6.91	10.37	161.37	322.79	484.20
8 - 15 days	6.90	13.81	20.71	322.38	644.76	967.10
Thereafter	13.81	27.61	41.42	644.76	1289.48	1934.19

- (d). The existing sub-note (ii) in Note 7 under Section – 10 is replaced with the following:

“(ii). Dwell time charges for Over height and over dimensional containers shall attract twice the normal applicable charges.”

- (iv). The amended provisions will come into force with effect from 1 January 2011.
- (v). It is clarified that the entire additional surplus over and above the admissible cost and permissible return accruing to the GTIPL for the years 2009 to 2011 will be considered for adjustment in the next cycle only if the variation between the estimated and actual traffic is more than + / - 20%, as stipulated in Clause 2.13 of the tariff guidelines of March 2005.

**(Rani Jadhav)**  
Chairperson

**Gateway Terminals India Private Limited (GTIPL)**  
**Consolidated Cost statement for the years 2006 to 2011 after Review.**

Amount in Rs.

Sr. No.	Particulars	Actuals for the years 2006, 2007 and 2008 and Estimates for the years 2009 and upto March 2010 after review by TAMP.					Estimates for the period from April to December 2010 and the year 2011 as considered in the Tariff Order of March 2010.		Estimates for the period from April to December 2010 and the year 2011 as reviewed by TAMP.	
		2006	2007	2008	2009	2010 *	2010 **	2011	2010 **	2011
	Traffic (In TEUs)	387873	1178415	1520778	1518034	379508	1138525	1518034	1138525	1518034
<b>I</b>	<b>Total Operating Income</b>									
	(i) Container handling income	1205324309	4063519815	5448609784	5335968323	1333992081	4050143354	5400191138	4001976242	5335968323
	<b>Total</b>	<b>1205324309</b>	<b>4063519815</b>	<b>5448609784</b>	<b>5335968323</b>	<b>1333992081</b>	<b>4050143354</b>	<b>5400191138</b>	<b>4001976242</b>	<b>5335968323</b>
<b>II</b>	<b>Operating Costs (excluding depreciation)</b>									
	(i) Operating & Direct Labour	3109812	44374526	63984345	76659740	17578561	52735683	67113606	52735683	67113606
	(ii) Equipment Running Costs	156700271	306125419	440870403	542819279	136174434	408523303	563327511	408523303	563327511
	(iii) Equipment Hire	59242262	167908361	215805269	314233000	83114629	249343886	351741108	249343886	351741108
	(iv) Lease Rentals payable as per concession agreement	230718869	300600193	312722090	323425952	83857009	251571026	349634128	251571026	349634128
	(v) Insurance	48143212	52660795	45057372	47670699	12608900	37826700	53360865	37826700	53360865
	(vi) Other expenses	19310177	21821516	34370001	36363461	9618136	28854407	40703950	28854407	40703950
	(vii) Technical Service Fee	-	-	142334266	148898400	39091275	117273825	164161575	117273825	164161575
	<b>Total (i to vii)</b>	<b>517224603</b>	<b>893490810</b>	<b>1255143746</b>	<b>1490070531</b>	<b>382042943</b>	<b>1146128829</b>	<b>1590042742</b>	<b>1146128829</b>	<b>1590042742</b>
<b>III</b>	<b>Depreciation</b>	278869463	851183614	955872704	1245332374	331289153	993867460	1288063033	993867460	1288063033
<b>IV</b>	<b>Overheads</b>									
	(i) Management & Administration overheads	135268332	194672866	266283759	302328217	79965813	239897440	338415322	239897440	338415322
	(ii) General Overheads	208832722	321867188	450444844	476570645	126052936	378158807	533456023	378158807	533456023
	(iii) Preliminary expenses & Upfront Payment write-off	20500000	20500000	20500000	20500000	5125000	15375000	20500000	15375000	20500000
	<b>Total (i to iii)</b>	<b>364601054</b>	<b>537040054</b>	<b>737228603</b>	<b>799398862</b>	<b>211143749</b>	<b>633431246</b>	<b>892371345</b>	<b>633431246</b>	<b>892371345</b>
<b>V</b>	<b>Operating Surplus / (Deficit) (I) - (II) - (III) - (IV)</b>	<b>44629189</b>	<b>1781805337</b>	<b>2500364731</b>	<b>1801166557</b>	<b>409516235</b>	<b>1276715818</b>	<b>1629714019</b>	<b>1228548706</b>	<b>1565491204</b>
<b>VI</b>	Finance & Miscellaneous Income (FMI)	1286691	17193891	36517280	-	-	-	-	-	-
<b>VII</b>	Finance & Miscellaneous Expenses (FME)	-	-	-	-	-	-	-	-	-
<b>VIII</b>	FMI Less FME (VI) - (VII)	<b>1286691</b>	<b>17193891</b>	<b>36517280</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>IX</b>	<b>Surplus Before Interest and Tax (V) + (VIII)</b>	<b>45915880</b>	<b>1798999228</b>	<b>2536882011</b>	<b>1801166557</b>	<b>409516235</b>	<b>1276715818</b>	<b>1629714019</b>	<b>1228548706</b>	<b>1565491204</b>
<b>X</b>	Capital Employed	7911179233	8532643907	8810577749	10311174734	2311853344	6935560032	8065576898	6935560032	8065576898
<b>XI</b>	Return on Capital Employed	890007664	1279896586	1321586662	1649787957	369896535	1109689605	1290492304	1109689605	1290492304
<b>XII</b>	Capacity Utilization	64.58%	88.69%	95.39%	76.17%	76.00%	76.00%	76.17%	76.00%	76.17%
<b>XIII</b>	RoCE adjusted for capacity utilization	890007664	1279896586	1321586662	1649787957	369896535	1109689605	1290492304	1109689605	1290492304
<b>XIV</b>	<b>Net Surplus / (Deficit) (IX) - (XIII)</b>	<b>-844091783</b>	<b>519102642</b>	<b>1215295349</b>	<b>151378599</b>	<b>39619700</b>	<b>167026213</b>	<b>339221715</b>	<b>118859101</b>	<b>274998900</b>
<b>XV</b>	Set off of actual Net Surplus after return earned by GTIPL from 2006 to 2009 and estimated net surplus after return for the period Jan 2010 to March 2010, in five equal instalments beginning from Apr 2010 to Dec 2014.			<b>1081304508</b>			177652730	236870306	214303423	285737897
<b>XVI</b>	<b>Total Surplus of GTIPL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>344678942</b>	<b>576092021</b>	<b>333162524</b>	<b>560736797</b>
<b>XVII</b>	<b>Net Surplus / (Deficit) as a % of operating income (XIV/I in</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8.51%</b>	<b>10.67%</b>	<b>8.32%</b>	<b>10.51%</b>
<b>XVIII</b>	<b>Average Net Surplus / (Deficit) as a % of operating income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9.74%</b>	<b>9.57%</b>		

Note:

\* Estimates for a period of 3 months from January 2010 to March 2010.

\*\* Estimates for a period of 9 months from April 2010 to December 2010.