

**Consultation Paper No. 33/2020-21**



**Airports Economic Regulatory Authority of India**

**In the matter of Determination of tariffs for AAI Cargo Logistics & Allied Services Company Ltd.(AAICLAS) for providing Cargo Handling Services at Netaji Subhash Chandra Bose International Airport(NSCB), Kolkata, for the First Control Period from 01.04.2019 to 31.03.2024.**

**17<sup>th</sup> September, 2020**

AERA Building  
Administrative Complex  
Safdarjung Airport  
New Delhi – 110003

## **STAKEHOLDER COMMENTS**

The Authority is aware of the fact that the Aviation Sector is undergoing significant turbulence and uncertainty on account of the COVID-19 global pandemic and the associated lockdown situation in the major cities around the world which has resulted in restrictions to aircraft operations both Domestic and International. Authority has currently released this Consultation Paper in which the proposals have been put forward based on Authority's analysis and observations on the Multi Year Tariff Proposal (MYTP) submitted by the Cargo Operator. The Authority on account of the expected substantial changes in the prevailing business scenario including the changes in cargo volume projections and capacity enhancement (CAPEX) going forward, shall consider, revised submissions by the Independent Service Provider (ISP) at the time of Stakeholders' Consultation process to form a final view on the various aspects forming part of the tariff determination process of AAICLAS Cargo operations, at Kolkata International Airport, Kolkata.

Thus, in accordance with the provisions of Section 13(4) of the AERA Act, the written comments on Consultation Paper No. 33/2020-21 dated 17/09/2020 are invited from the Stakeholders, preferably in electronic form at the following address;

Secretary,  
Airports Economic Regulatory Authority of India (AERA),  
AERA Administrative Complex,  
Safdarjung Airports, New Delhi – 110002, India  
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**Last Date for submission of Stakeholders comments: 08/10/2020**

**Last Date for submission of Counter Comments by M/s AAICLAS: 19/10/2020**

**Comments and counter comments will be posted on AERA's website [www.aera.gov.in](http://www.aera.gov.in)**

For any clarification/information, Director (P&S-Tariff) may be contacted at Tel. No. +91-11-24695048.

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### **List of Abbreviations**

AAI	Airports Authority of India
AAICLAS	AAI Cargo Logistics and Allied Services
AERA	Airports Economic Regulatory Authority
ARR	Aggregate Revenue Requirement
ATP	Annual Tariff Proposal
ACS	Annual Compliance Statement
CAGR	Compounded Annual Growth Rate
CGF	Cargo, Ground Handling & Fuel Throughput
CHQ	Central Headquarter
CISF	Central Industrial Security Force
CPI	Consumer Price Index
FRoR	Fair Rate of Return
ISP	Independent Service Provider
MoCA	Ministry of Civil Aviation
MYTP	Multi-Year Tariff Proposal
RAB	Regulatory Asset Base

## 1. Introduction

- 1.1 AAI Cargo Logistics and Allied Services Company Limited (AAICLAS) is a 100% subsidiary promoted by Airport Authority of India (AAI). AAI demerged and corporatized its cargo department into a functionally and administratively independent organization. AAICLAS was incorporated on 11<sup>th</sup> August 2016.
- 1.2 The Concession granted by AAI is for a period of 30 years from the date of execution of Concession Agreement dated 1<sup>st</sup> April, 2017.
- As per the Concession Agreement, AAICLAS has to pay 30% of its revenues, annually, to AAI, in consideration for the ‘right to operate’ cargo business at all the AAI managed airports across India.
- 1.3 As per its vision statement “AAICLAS will work as a multi-modal interface, linking air, surface, and, water transport, thus, becoming the largest networked and fastest logistic solution provider company of India. AAICLAS will promote, represent, organize, undertake, establish, conduct, handle, arrange, own, operate, participate, facilitate, sponsor, encourage, and provide the business as Cargo Terminal Operator, Free Trade Zone, Air Freight Station and Inland Container Depot for Cargo and Passengers.”
- 1.4 AAICLAS currently operates Cargo Services at 19 ‘major’ airports in the country. This tariff proposal is in respect of the General & Courier Cargo Services rendered by AAICLAS at Netaji Subhash Chandra Bose (NSCB) International Airport, Kolkata.
- 1.5 AAICLAS, Kolkata Airport considers Hyderabad & Bangalore Airports as its fair competitors presently based on the volumes of cargo handled and the size of cargo operations.
- 1.6 The Technical details of AAICLAS Cargo Terminal at Kolkata Airport is given in Table-1.

**Table-1: Technical details AAICLAS Cargo Terminal Kolkata International Airport**

<b>Particulars</b>	<b>Details</b>
Air Cargo Terminal	42,750 Sq. Mtrs.
Perishable Cargo (CPC)	756 Sq. Mtrs.
Annual Holding Capacity	174026 MT
Operating Hours	24 Hours
General Facilities	On-line Integrated Cargo Management System (ICMS) for data processing Forklifts High Reach takers Electronic/Mechanical weighing machines Cargo trolleys Power pallet trucks Idle ULD Parking area Truck-dock - 16 Nos. Automated Storage & Retrieval System in Import Elevated Transfer Vehicle in Export
Facilities for special cargo	Strong room for valuable cargo Cold Storage Facilities in Import Hazardous Cargo Shed in both Import and Export Separate chamber for radioactive materials Transshipment shed

## **2. Multi Year Tariff Proposal (MYTP) submitted by M/s AAICLAS for Cargo Services at NSCB, International Airport, Kolkata**

- 2.1 AAICLAS started operations as an Independent Service Provider (ISP) for Cargo Services at NSCB International Airport, Kolkata, with effect from 01.04.2017.
- 2.2 Previously the cargo service at Kolkata Airport was provided by Airports Authority of India and the tariff for the cargo services used to be determined along with other Aeronautical services provided at Kolkata Airport.
- 2.3 AAICLAS has made its MYTP submissions to the Authority for determination of tariffs for 1st Control Period under Single Till.
- 2.4 AAICLAS filed its Original MYTP submissions for its General & Courier Cargo Services for Kolkata International Airport for the First Control Period vide letter dated 20.11.2019 (Annexure- D). Subsequently, AAICLAS filed additional justifications/clarifications vide correspondence dated 18.02.2020, 20.02.2020, 25.05.2020, 26.05.2020, 03.07.2020, 08.07.2020, 10.07.2020 10.08.2020.
- 2.5 In its submissions AAICLAS has proposed that the 1<sup>st</sup> Control Period for Kolkata Airport may be treated as a period of 07 years i.e. from 01.04.2017 to 31.03.2024 including the elapsed period of 02 years (FY 18 & FY19) as on the date of filing of MYTP.
- 2.6 In line with above submissions, the shortfall/surplus (in ARR) for FY 2017-18 & FY 2018-19 as calculated by AAICLAS based on the actual audited financial statements have been carried over and added to the revenue requirement for future projections for the years FY 2020-2024.
- 2.7 As per the AERA Act, a period of 5 years constitutes one Control Period. The Authority, therefore, proposes that the 1<sup>st</sup> Control Period for tariff determination for AAICLAS Kolkata shall be from period 01.04.2019 to 31.03.2024. This is also explained in Chapter -10 of this consultation paper.

### **2.8 Salient features of AAICLAS MYTP Submissions for Kolkata Airport are as under:**

- (i) AAICLAS has submitted its proposal for determination of cargo tariffs under **‘price cap approach.’**
- (ii) The effective date of tariffs has been considered as 01.04.2020 by AAICLAS;
- (iii) The Initial RAB as on 01.04.2017 is stated to be Rs.1377.24 lakhs;
- (iv) CAPEX (Additions to RAB) of Rs.20567.68 lakhs is proposed during the 05 year period FY2020 to FY2024;
- (v) Based on audited financial statements, Depreciation on Initial RAB is considered as per rates prescribed under Companies’ Act, 2013 to arrive at the Opening RAB as on 01.04.2019. The same is adopted and applied for future projections, including the proposed Additions to RAB.
- (vi) AAICLAS has submitted that the data for expenses, income and assets have been trued up for FY 2017-18 and FY 2018-19;
- (vii) The metric used for forecasting O&M Expenditure for FY 2020-24 is a combination of CAGR growth rate to reflect the increase in the quantum of business and CPI index (based on IMF data) to factor in the inflation.
- (viii) Apart from other Operational & Maintenance Costs, a Concession Fee @ 30% of the Revenues has been considered on annual basis for the entire Control Period. AAICLAS has submitted that as per the Concession Agreement dated 01.04.2017 with the Airport Operator AAI, it has to pay 30% of its revenues, annually, to AAI, in consideration for the ‘right to operate’ cargo business from the date of execution of the Agreement for a period of 30 years.

It is also stated that as per the ‘royalty capping’ Order of AERA- Order No. 01/2018-19- this



expense is a 'pass through' for the purpose of determination of tariff to the extent of 30% of revenues.

- (ix) 'Corporate Tax' is calculated @ 35% for FY 2018 & FY2019 and later @ 25.17% (w.e.f. 01.04.2019) for FY 2020-24 as applicable under Income Tax Act 1961.
- (x) A target margin of 25% Profit after Tax (PAT) is added finally to costs to compute the target Aggregate Revenue Requirement (ARR). AAICLAS has submitted that Cargo business is 'human capital' intensive rather than 'capital asset' intensive and due to low Asset Base, a Return on Investment (FRoR) alone may not be sufficient to maintain sustainability. It is also stated that this margin has been considered in line with the margins earned by other competitors. AAICLAS considers Hyderabad and Bangalore Airports as fair competitors for its cargo business at Kolkata Airport and has submitted data to support the above.
- (xi) A shortfall in ARR of Rs.2175.16 lakhs has been computed for pre-control period FY 2018 & FY 2019 and the same is carried forward in the total ARR for further projections for FY 2020-24.  
Present Value of ARR for FY 2020-21 to FY 2023-24 is worked out as Rs.6093.57 lakhs. Out of this Rs.3902.93 lakhs is proposed to be recovered in the 1<sup>st</sup> Control Period and the balance shortfall of Rs.2190.64 lakhs is proposed to be carried forward to the next Control Period.
- (xii) Actual cargo handled has been updated up to FY 2018-19 and projections for FY 2020-24 are based on 10 years CAGR (volumes handled by AAI at Kolkata Airport in the past ten years) as per the data base of Department of Corporate Planning & Management Systems, AAI ("CP&MS") published periodically on AAI's official website *www.aai.aero*.
- (xiii) Based on above assumptions AAICLAS has proposed the following tariff increases for its cargo operations at Kolkata Airport for the 1<sup>st</sup> Control Period in order to generate a 25% profitability (PAT):
  - (a) 27.56% increase in tariffs for FY 2020-21;
  - (b) 3% increase in tariffs thereafter from FY 2021-22 till FY 2023-24.

**Proposal No. 1 Regarding Multi Year Tariff Proposal**

- 1.a. AERA proposes that the First Control Period for AAICLAS at Kolkata Intl. Airport shall be FY 2019-20 to FY 2023-24.**

**Note: The present applicable ad hoc tariff as per AERA Interim Order no. 33/2019-20 dated 24.03.2020 is valid up to 30.09.2020 (details in Chapter-4).**

### 3. Methodology for Tariff Determination

3.1 The Authority vide its Order No. 12/2010-11 dated 10.01.2011 and Direction No. 04/2010-11 issued on 10.01.2011 finalized its approach in the matter of Regulatory Philosophy and Approach in Economic Regulation of the Services provided for Cargo Facility, Ground Handling and Supply of Fuel to the Aircraft at the major airports and issued the Airports Economic Regulatory Authority of India (Terms and Conditions for Determination of Tariff for Services provided for Cargo Facility, Ground Handling and supply of Fuel to the Aircraft) Guidelines, 2011 (“ the Guidelines”).

3.2 As stipulated in the Guidelines, the Authority shall follow a three stage procedure for determining its approach to the regulation of Regulated Service(s) as under:

Stage 1: The Authority shall first assess ‘Materiality’ according to provisions of Clause 4;

Stage 2: The Authority shall then assess ‘Competition’ according to provisions of Clause 5; and

Stage 3: The Authority shall assess the reasonableness of existing User Agreement(s), according to provisions of Clause 6.

3.3 As per clause 4.3 of the Guidelines in respect of cargo handling services, the materiality shall be assessed as a percentage of the cargo volume in MT handled at major airport A to total cargo volume in MT handled at all major airports

$$\text{Materiality Index (MIc)} = \frac{\text{Cargo Volume at major airport A}}{\text{Total Cargo Volume at Major Airports}} \times 100$$

The materiality index at Kolkata Airport for FY2018-19= 155232/3464431= 4%.

As per AAI Statistics, the percentages share of cargo volume for NSCB International Airport, Kolkata for the FY2018-19 is 4% which is more than 2.5% Materiality Index (MI<sub>c</sub>) for the above subject service. Hence the regulated service is deemed as ‘material’ for the First Control Period.

3.4 As per clause 5 of the CGF Guidelines, where a regulated service is being provided at a ‘major’ airport by two or more Service Provider(s), it shall be deemed ‘competitive’ at that airport. If a Regulated Service is provided by less than two Service Provider(s), it shall be deemed ‘not-competitive.’ Provided that, the Authority, may, in its discretion, consider such other additional evidence regarding reasonableness of competition as it may deem fit.

3.5 As per the information available with the Authority other than M/s AAICLAS, no other Independent Service Provider (ISP) at Kolkata Int. Airport renders similar cargo service. Hence the Cargo service provided by M/s AAICLAS at Kolkata is deemed **‘Material and not Competitive.’**

Since, M/s AAICLAS is a new ISP, and, further, is yet to establish new agreements with Users, the reasonableness of existing User Agreement(s) is not feasible at present.

3.6 For Regulated Service (s) deemed **‘Material and Not Competitive’** and where the Authority is not assured about the reasonableness of the existing User Agreements (s), the Authority shall determine Tariff based on ‘Price Cap Approach’ for that Control period. In all such cases the Authority shall calculate the Aggregate Revenue Requirement (ARR) for a given Control Period based on determination of the following Regulatory Building Block components:

- a) Fair Rate of Return applied to the Regulatory Asset Base (FRoR x RAB)
- b) Operation and Maintenance Expenditure (O)
- c) Depreciation (D)
- d) Taxation (T)
- e) Revenues from services other than aeronautical service(s) (NAR)

3.7 The Authority proposes to determine the building blocks for 1st control period based on Single Till. The Aggregate Revenue Requirement (ARR) under regulatory framework of Authority is calculated as under:

$$ARR = \sum_{t=1}^5 (ARR_t) \text{ and}$$

$$ARR_t = (FRoR \times RAB_t) + D_t + O_t + T_t - \alpha \times NAR_t$$

Where

*'t' is the Tariff Year in the Control Period;*

*ARR<sub>t</sub> is the Aggregate Revenue Requirement for year 't';*

*FRoR is the Fair Rate of Return for the control period;*

*RAB<sub>t</sub> is the Regulatory Asset Base for the year 't';*

*D<sub>t</sub> is the Depreciation corresponding to the RAB for the year 't';*

*O<sub>t</sub> is the Operation and Maintenance Expenditure for the year 't', which includes all expenditures incurred by the Airport Operator(s) including expenditure incurred on statutory operating costs and other mandate operating costs;*

*T<sub>t</sub> is the corporate tax for the year 't' paid by the airport operator on the aeronautical profits;*

*α is 100% cross subsidy factor under Single Till; and*

*NAR<sub>t</sub> is revenue from services other than aeronautical services for the year 't'*

3.7.1 Based on ARR, Yield per MT is calculated as per formula given below:

$$\text{Yield per MT (Y)} = \frac{\sum_{t=1}^5 PV(ARR_t)}{\sum_{t=1}^5 (VE_t)}$$

Where,

3.7.1.1 Present value (PV) of ARR<sub>t</sub> for a tariff year t is calculated at the beginning of the control period and the discounting rate for calculating PV is equal to the Fair Rate of Return determined by the Authority.

3.7.1.2 VE<sub>t</sub> is the Traffic volume in a tariff year t as estimated by the Authority

3.7.1.3 ARR<sub>t</sub> is the Aggregate Revenue Requirement for tariff year t.

3.7.2 While determining building blocks and ARR for AAICLAS, Kolkata Airport, the Authority proposes to-

3.7.2.1 Allocate CHQ overhead expenses on revenue basis;

3.7.2.2 Adopt depreciation rates consistent with Authority's order "In the matter of Determination of Useful life of Airport Assets" (Order No. 35/2017-18).

3.8 The Authority caps airport tariffs at a level where revenue generated through approved tariffs is equal to the permissible ARR for the Service Provider. The Authority's approach on the above is detailed in subsequent sections.

## **Proposal No. 2: Regarding Regulatory till & Methodology for Tariff Determination**

**2.a** Since the Cargo Service provided by M/s AAICLAS is found to be 'Material and not Competitive,' in accordance to AERA Guidelines, the Authority, accordingly decides to determine Tariffs based on 'Price Cap Approach' for the 1<sup>st</sup> First Control Period (FY 2020-24);

**2.b** The Authority proposes to compute target ARR using Single Till for 1<sup>st</sup> Control Period.

## 4. Pre-Control Period Tariff

- 4.1 AAICLAS vide letter no. ED/CARGO/1351/2018/471 dated 9<sup>th</sup> April, 2018 requested the Authority for approval of **Courier Cargo Tariff** at Kolkata Courier Terminal on temporary basis for launching its Operations & Management. The Authority vide Order No. 04/2018-19 dated 14th May, 2018 approved the Courier Cargo tariff on ad-hoc basis till 30.09.2018 or till the determination of tariffs.
- 4.2 The Authority, had earlier, vide Order No. 35/2012-13 approved **General Cargo Tariff** for Airport Operator AAI, Kolkata International Airport, in FY2012-13 and the same tariffs are charged by AAICLAS upon taking over the cargo function from AAI at Kolkata Intl. Airport. Pending determination of regular tariffs, the Authority had in the past extended the prevailing General Cargo Tariffs at Kolkata Airport on ad hoc basis from time to time as per the interim Orders given below:
- (i) Order no. 21/2018-19 dated 28.09.2018
  - (ii) Order no. 48/2019-20 dated 25.03.2019
  - (iii) Order no. 08/2019-20 dated 26.09.2019
  - (iv) Order no. 33/2019-20 dated 24.03.2020 (**ad hoc extension valid up to 30.09.2020**);
- 4.3 The Authority, proposes to regularize the ad hoc tariffs approved in the interim for AAICLAS Cargo Services at Kolkata Airport.
- 4.4 The Authority proposes not to consider FY 2017-18 & FY 2018-19 as tariff years of pre-control period for the determination of tariffs for the 1<sup>st</sup> Control Period (FY2019-20 to FY 2023-24) for AAICLAS Kolkata Intl. Airport.

### **Proposal No.3: Regarding Pre- Control Period**

- 3.a **The Authority, proposes to regularize the ad hoc tariffs approved in the interim, detailed at para 4.2, for AAICLAS Cargo Services at Kolkata Intl. Airport;**
- 3.b **The Authority proposes not to consider FY 2017-18 & FY 2018-19 as tariff years of pre-control period for the determination of tariffs for the 1st Control Period (FY2019-20 to FY 2023-24) for AAICLAS Kolkata Intl. Airport.**

## 5. Cargo Volumes – Forecast for 1<sup>st</sup> Control Period

- 5.1 As per the CGF Guidelines, the Cargo Terminal Operator is required to submit cargo volume forecasts as part of the MYTP submissions. The Guidelines further provide that the Authority reserves the right to review such forecast assumptions, methodologies, and, processes to determine the final forecast to be used for determination of tariffs.
- 5.2 AAICLAS has submitted that the 10-year CAGR of traffic handled by Kolkata airport from FY 2009-10 to FY 2018-19 is around 3.48% and the same reflects the future volume of business for this airport. It is also stated that the cargo volumes data has been updated up to FY 2018-19.
- 5.3 The Historical Cargo Volumes handled by AAI at Kolkata Int. Airport and the Projected Cargo Volumes along with YoY growth rates as considered by AAICLAS is provided in tables ( 2,3 & 4) below:

**Table-2: Historical Cargo Volume handled at NSCB Intl. Airport.**

Particulars	FY2009-10	FY2010-11	FY2011-12	FY2012-13	FY2013-14
Qty in MT	1,10,256	1,29,957	1,25,593	1,22,232	1,29,782
Particulars	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
Qty in MT	1,36,699	1,39,888	1,52,415	1,63,323	1,55,232

Source: <https://www.aai.aero/en/business-opportunities/aai-traffic-news>

- 5.4 The calculation of CAGR for past 10 years period (FY2009-10 to FY2018-19) is given below:

**Table-3: Calculation of CAGR for PAST 10 YEARS (FY2009-10 to FY2018-19)**

Cargo (International & Domestic) handled at Kolkata Intl. Airport	
FY 2009-10 (A)	110256 MT
FY2018-19 (B)	155232 MT
No. of Years	10
CAGR= (B/A) <sup>1/10</sup> - 1	3.48%

- 5.5 The cargo volumes projected using the above CAGR of 3.84% for the 1st Control Period submitted by AAICLAS for Kolkata International Airport is given in table below:

**Table-4: Cargo Tonnage Projection by AAICLAS, Kolkata**

Particulars	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	Total (in MT)
Qty in MT	1,60,635	1,66,225	1,72,011	1,77,997	1,84,192	8,61,060

### Authority's Examination:

- 5.6 The Authority has examined the growth assumptions considered by AAICLAS for projection of cargo volumes for the 1<sup>st</sup> Control Period. The Authority observes that AAICLAS has not submitted any break up of volumetric projections separately for categories such as general/courier/perishable cargo including domestic/international. The Authority also observes that AAICLAS has taken a conservative decision to adopt the 10 year CAGR rate of 3.48% as given in Table-3. Here, the Authority has considered that AAICLAS is a new ISP and will take time to establish/capitalize the

market and expand its business with new cargo services. As such the Authority is inclined to accept the assumption regarding growth and proposes to accept the 10 year CAGR of 3.48% for tariff determination for 1st Control Period.

The Authority has also considered the situation prevailing due to the impact of COVID-19 global pandemic, the related government restrictions on aircraft operations, both Domestic & International, and, finds that it would be difficult to make an accurate assessment of the future cargo volumes for FY2020-24 at this instant. The Authority, has therefore, for the purpose of Consultation Paper, utilized the volumetric projections as per **Table-4**. However, the Authority proposes to take a final view based on developments of the COVID-19 situation and after considering the Stakeholder's views on the subject, in response to this Consultation Paper.

**Proposal No. 4: Regarding Cargo Volume Forecast**

- 4.a           The Authority proposes to consider growth in cargo volumes @ 3.48% for the 1<sup>st</sup> Control Period for Kolkata Airport based on the 10 year CAGR as per Table-3 and the corresponding volumetric projections as per table-4;**
- 4.b           The Authority proposes to true-up the Cargo Volume (Intl. & Dom.) on the basis of Actual Cargo Volumes handled in 1<sup>st</sup> Control Period while determining tariffs for the 2<sup>nd</sup> Control Period;**

## 6. Regulatory Asset Base (RAB) & Depreciation

### 6.1 Initial RAB/ Opening RAB for 1<sup>st</sup> Control Period

- 6.1.1 As per CGF Guidelines, the Authority, considers all the assets owned by the Independent Service Provider (ISP) for Cargo, Ground Handling, and, Fuel as Aeronautical Assets and considers them as part of the Regulatory Asset Base (RAB). As per clause 9.2 of the CGF guidelines, RAB assets shall be all fixed assets proposed by the Service Provider(s), after providing for such exclusions therefrom or inclusions therein as may be determined by the Authority.
- 6.1.2 M/s AAICLAS has stated that at the time of its incorporation, the parent company AAI transferred Assets of Rs.1377.24 lakhs at net book value (Net Block as on 31.03.2017) to AAICLAS at Kolkata Intl. Airport and AAICLAS has considered the same as Initial RAB as on 01.04.2017. Further, additions to RAB (CAPEX) during pre-control years of FY 2017-18 is shown as Rs.246.81 lakhs and for FY 2018-19 as Rs.427.94 lakhs. Based on the above, AAICLAS has arrived at the Opening RAB of Rs.1368.52 lakhs as on 01.04.2019.
- 6.1.3 M/s AAICLAS has computed Depreciation on RAB as per rates prescribed under Companies' Act 2013 for the entire control period in line with the ones adopted by the company in its financial statements. The depreciation rates adopted by AAICLAS are shown in Table-05:

**Table No-5: Depreciation as per AAICLAS for 1st Control Period MYTP (Companies' Act 2013)**

Category of Assets	No. of Years	Salvage Value	Rate of Depreciation
Building	30	5.00%	3.17%
Plant and Machinery	15	5.00%	6.33%
Furniture and Fixtures	10	5.00%	9.50%
Office Equipment	5	5.00%	19.00%
Road	5	5.00%	19.00%
Computers	3	5.00%	31.67%
Electrical Installation	5	5.00%	19.00%
Software	3	0.00%	33.33%

- 6.1.4 AAICLAS made their submissions on Initial RAB (as on 01.04.2017) and Opening RAB (as on 01.04.2019) as given in Table -6.

**Table No-6 : Initial RAB as on 01.04.2017 and Opening RAB as on 01.04.2019 as per AAICLAS submissions (Rs. in Lakhs)**

Asset Category	Building & Civil Works	Plant & Machinery	Furniture & Fixtures	Office Equipment	Roads	Computers	Electrical Installation	Software	Total
<b>RAB - FY 2017-18</b>	<i>Depreciation rates as prescribed under Companies Act 2013 based on Audited Actuals</i>								
<b>Initial RAB as on 01.04.2017 (A)</b>	1128.72	214.97	0	0	24.73	2.23	6.59	0	<b>1377.24</b>
Additions during FY 2017-18 (B)	0	221.41	0	11.83	0	13.57	0	0	246.81
<b>Total incl. additions (A+B) = (C)</b>	<b>1128.72</b>	<b>436.38</b>	<b>0</b>	<b>11.83</b>	<b>24.73</b>	<b>15.8</b>	<b>6.59</b>	<b>0</b>	<b>1624.05</b>

Less: Disposals during FY 2017-18 (D)	0	0	0	0	0	0	0	0	0
Less: Depreciation for FY 2017-18 (E)	410.87	20.69	0	2.11	23.49	2.34	0.69	0	460.19
Closing RAB for FY 2017-18 (C) -(D)-(E)= (F)	717.85	415.69	0	9.72	1.24	13.46	5.90	0	<b>1163.87</b>
<b>RAB FY 2018-19</b>	<i>Depreciation rates as prescribed under Companies Act 2013 based on Audited Actuals</i>								
<b>Opening RAB for FY 2018-19 c/f (F)</b>	717.85	415.69	0	9.72	1.24	13.46	5.90	0	<b>1163.87</b>
Additions during FY 2018-19 (G)	0	388.10	13.64	25.60	0	0.61	0	0	427.95
<b>Total incl. additions (F)+ (G)=(H)</b>	<b>717.85</b>	<b>803.79</b>	<b>13.64</b>	<b>35.32</b>	<b>1.24</b>	<b>14.07</b>	<b>5.9</b>	<b>0</b>	<b>1591.82</b>
Less: Disposals during FY 2018-19 (I)	0	0	0	0	0	0	0	0	0
Less: Depreciation for FY 2018-19 (J)	161.30	49.60	0.91	7.02	0	3.78	0.69	0	223.30
<b>Closing RAB for FY 2018-19 (H)- (I)- (J)= (K)</b>	556.55	754.19	12.73	28.30	1.24	10.29	5.21	0	<b>1368.52</b>
<b>Opening RAB for FY 2019-2020 (K)</b>									<b>1368.52</b>

### **Authority's Examination**

- 6.1.5 The Initial RAB as on 01.04.2017 of Rs.1163.87 lakhs as considered by AAICLAS is stated to be the value of assets transferred by AAI at net book value (after deducting accumulated depreciations as on 31.03.2017) at the time of demerger.
- 6.1.6 The Authority observed that AAICLAS, in its submissions (Form F9 - RAB & Roll Forward RAB) adopted and applied depreciation rates in accordance with Companies' Act, 2013, whereas, AERA vide its Order No-35/2017-18 dated 12.01.2018 has notified its own philosophy on useful life of assets for the computation of depreciation rates which is applicable for 'major' airports within the economic regulatory ambit of AERA.
- 6.1.7 The Authority observed that there is a variation in the depreciation rate in one category of asset namely "Furniture & Fixtures - other than trolleys." The rate of depreciation adopted by AAICLAS is 9.50% (useful life 10 years) whereas as per AERA's Order it is 14.29% (useful life 07 years). On account of this variance in the depreciation rates, the Authority recomputed the depreciation for FY 2018-19.
- 6.1.8 Based on the above the Authority revised the Opening RAB to Rs.1368.13 lakhs as on 01.04.2019 as against Rs.1368.52 lakhs calculated by AAICLAS as shown in Table - 7:



**Table No. 7: Opening RAB as on 01.04.2019 for 1st Control Period considered by Authority (Rs. in Lakhs)**

Asset Category	Building & Civil Works	Plant & Machinery	Furniture & Fixtures	Office Equipment	Roads	Computers	Electrical Installatin	Software	Total
<b>RAB - FY 2017-18</b>	<i>Depreciation rates as per Companies Act 2013 as per AAICLAS</i>								
<b>Initial RAB as on 01.04.2017 (A)</b>	1128.72	214.97	0	0	24.73	2.23	6.59	0	<b>1377.24</b>
Additions during FY 2017-18 (B)	0	221.41	0	11.83	0	13.57	0	0	246.81
Total incl. additions (A+B) = (C)	1128.72	436.38	0	11.83	24.73	15.8	6.59	0	1624.05
Disposals during FY 2017-18 (D)	0	0	0	0	0	0	0	0	0
Depreciation for FY2017-18 (E)	410.87	20.69	0	2.11	23.49	2.34	0.69	0	460.19
<b>Closing RAB for FY 2017-18 (C)-(D)-(E)= (F)</b>	717.85	415.69	0	9.72	1.24	13.46	5.9	0	<b>1163.87</b>
<b>RAB - FY 2018-19</b>	<i>Depreciation rates as per AERA Depreciation Policy</i>								
<b>Opening RAB for FY 2018-19 (F) c/f</b>	717.85	415.69	0	9.72	1.24	13.46	5.9	0	<b>1163.87</b>
Additions during FY 2018-19 (G)	0	388.1	13.64	25.6	0	0.61	0	0	427.95
Total incl. additions (F)+(G)=(H)	717.85	803.79	13.64	35.32	1.24	14.07	5.9	0	1591.82
Disposals during FY 2018-19 (I)	0	0	0	0	0	0	0	0	0
Depreciation for FY 2018-19 (J)	161.3	49.6	1.3	7.02	0	3.78	0.69	0	223.69
<b>Closing RAB for FY 2018-19 (H)-(I)-(J)= (K)</b>	556.55	754.19	12.34	28.3	1.24	10.29	5.21	0	<b>1368.13</b>
<b>Opening RAB for FY 2019-20 (K)</b>									<b>1368.13</b>

**6.2 Additions to RAB (CAPEX) for 1<sup>st</sup> Control Period**

- 6.2.1 AAICLAS has proposed Additions to RAB (CAPEX) of Rs.20567.68 lakhs for the 1<sup>st</sup> Control Period. AAICLAS has submitted that the proposed CAPEX is planned in order to enhance capacity to meet the projected growth in the demand for cargo services at Kolkata Intl. Airport.
- 6.2.2 The CAPEX is proposed to be funded through internal accruals and AAICLAS has further stated that it does not propose to avail any debt for the projects planned.
- 6.2.3 A summary of the CAPEX (asset-wise) proposed by AAICLAS as per initial submissions for the 1<sup>st</sup> Control Period is presented in Table-8:

**Table No.8: Summary of CAPEX (Additions to RAB)-AAICLAS Original Submissions (Rs. in Lakhs)**

Additions to Assets	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	Total
Building	1,303.01	4,547.20	7,000.00	1,500.00	800.00	15,150.21
Plant and Machinery	472.71	300.00	150.00	500.00	300.00	1,722.71
Furniture and Fixtures	20.00	30.00	25.00	35.00	20.00	130.00
Office Equipment	3.63	15.00	30.00	30.00	20.00	98.63
Road	0.00	0.00	0.00	0.00	0.00	0.00
Computers	48.18	155.62	25.00	25.00	25.00	278.79
Electrical Installation	171.09	1,200.00	800.00	100.00	60.00	2,331.09
Software	3.17	653.08	100.00	50.00	50.00	856.25
<b>Total</b>	<b>2021.78</b>	<b>6,900.90</b>	<b>8,130.00</b>	<b>2,240.00</b>	<b>1,275.00</b>	<b>20,567.68</b>

6.2.4 The Authority advised AAICLAS to review/reassess their CAPEX plans considering the impact of COVID19 Pandemic. As part of subsequent clarifications / justifications provided to the Authority, AAICLAS has confirmed (mail dated 25.05.2020) that they do not propose any reduction in the planned CAPEX of Rs.20567.68 lakhs. However, after review, AAICLAS has deferred the capitalization schedule of some major projects to later tariff years within the 1<sup>st</sup> Control Period, the total CAPEX proposed in each category of asset remaining the same.

6.2.5 After reassessment AAICLAS has proposed the Revised CAPEX plan for 1<sup>st</sup> Control Period as summarized in Table-9.

**Table No-9: AAICLAS Revised Submissions -Summary of CAPEX (Additions to RAB) (Rs. in Lakhs)**

Additions to RAB-Revised	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	Total
Building	1,081.82	47.20	3,621.19	9,600.00	800.00	15,150.21
Plant and Machinery	472.71	300.00	150.00	500.00	300.00	1,722.71
Furniture and Fixtures	20.00	30.00	25.00	35.00	20.00	130.00
Office Equipment	3.63	15.00	30.00	30.00	20.00	98.63
Road	0.00	0.00	0.00	0.00	0.00	0.00
Computers	48.18	25.00	155.62	25.00	25.00	278.79
Electrical Installation	171.09	0.00	700.00	1,400.00	60.00	2,331.09
Software	3.17	653.08	100.00	50.00	50.00	856.25
<b>Total</b>	<b>1,800.59</b>	<b>1,070.28</b>	<b>4,781.80</b>	<b>11,640.00</b>	<b>1,275.00</b>	<b>20,567.68</b>

6.2.6 AAICLAS has submitted that they are currently operating their domestic cargo operations from the existing Old International Terminal of Kolkata Airport. They have planned a New Domestic Cargo Terminal with a CAPEX of Rs.7000.00 lakhs. Originally proposed to be completed and capitalized in FY2020-21 (30-09-2021), based on review due to the impact of the Pandemic, the Probable Date of Completion (PDC) for the same has been consequently deferred for FY 2022-23. Similarly, development of a new Cargo Warehouse at a total cost of Rs.3000.00 lakhs earlier proposed to be completed and capitalized in FY 2020-21 is now deferred for FY 2021-22 and further the associated work of electrical installations of Rs.500.00 lakhs to FY 2022-23.

6.2.7 The list of major CAPEX Projects for which the estimated date of completion has been rescheduled by AAICLAS is summarized in Table-10:

**Table No.10: Summary of Revised PDC of Major CAPEX Projects 1<sup>st</sup> Control Period proposed by AAICLAS  
(Rs.in Lakhs)**

Asset Type	Description	Earlier proposed in	Revised Estimated Date of Completion	2019-20	2020-21	2021-22	2022-23	2023-24	Total
Building	Provision of Second ULD's Platform in front of second X-Ray Machine of APEDA at NICT, Kolkata (WIP)	2019-20	2021-22			221.19			221.19
Building	Creation of separate transshipment processing zone (Planning)	2020-21	2021-22 (30-Sep-21)			400.00			400.00
Building	Pack house for Agricultural products (Planning)	2020-21	2022-23 (30-Sep-22)				1,100.00		1,100.00
Building	Domestic Cargo Terminal – Planning	2020-21	2022-23				7,000.00		7,000.00
Building	Proposed Warehouse in car park area in front of International Cargo Terminal	2020-21	2021-22 (30-Sep-21)			3,000.00			3,000.00
Computers	AAICLAS Data centre & networking infrastructure	2020-21	2021-22 (31-Dec-21)			130.62			130.62
Electrical installation	Electrification of Ware House	2020-21	2022-23				500.00		500.00
Electrical installation	Modification of APEDA	2020-21	2021-22			200.00			200.00
Electrical installation	Separate Electrification of NICT building including metering	2020-21	2021-22			500.00			500.00
Electrical installation	New Domestic Cargo Terminal Building	2021-22	2022-23				800.00		800.00

6.2.8. The detailed item-wise list of CAPEX submitted by AAICLAS is placed at **Annexure-III**.

**Authority's Examination:**

6.2.9 The Authority examined the proposed Additions to RAB (CAPEX) including its rationale, detailed item wise breakup, current progress, including the stage of procurement and future planning, based on the clarifications/justification received from AAICLAS vide submissions dated 20.02.2020.

6.2.10 The Authority observed that AAICLAS has conducted a Stakeholders' Consultation Meeting on 6<sup>th</sup> Jan, 2020 and submitted a copy of the 'minutes' (**Annexure-II**). The Authority expects AAICLAS to provide all the required project information as part of the consultation process with its Users.

6.2.11 The Authority notes that AAICLAS has not proposed any reduction in the original proposed CAPEX of Rs.20567.68 for the 1<sup>st</sup> Control Period based on their review of the projects considering the impact of COVID19 pandemic. A comparative table showing the Original vis-a-vis Revised CAPEX Plan for 1st Control Period is given in table-11.

**Table No-11: Summary of Original Vs Revised CAPEX Plan for 1st Control Period (Rs. In Lakhs)**

<b>Additions to Assets (CAPEX)</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>	<b>FY 2021-22</b>	<b>FY 2022-23</b>	<b>FY 2023-24</b>	<b>Total</b>
Original Plan	2,021.78	6,900.90	8,130.00	2,240.00	1,275.00	<b>20,567.68</b>
<b>Revised Plan</b> (Deferment considered due to COVID impact)	1,800.59	1,070.28	4,781.80	11,640.00	1,275.00	<b>20,567.68</b>
Overall change in CAPEX	<b>221.19</b>	<b>5,830.62</b>	<b>3,348.20</b>	<b>-9,400.00</b>	<b>0.00</b>	<b>0.00</b>

6.2.12 The Authority found that construction of a New Domestic Cargo Terminal proposed at a cost Rs.7000.00 lakhs is now estimated to be capitalized in FY 2022-23 as per its revised /reassessed plans. The Authority sought the current status of the project and AAICLAS has clarified that the said CAPEX project is under planning stage. The Authority is of the view that AAICLAS may not be able to operationalize the Cargo Terminal in the 1st Control Period, due to the prevailing COVID19 Pandemic situation and other related factors. The Authority, therefore, proposes not to consider the CAPEX of Rs.7000.00 lakhs at this stage but will consider the same as addition to RAB after the receipt of Capitalization Report from AAICLAS as and when the project is completed. AAICLAS can approach the Authority for revision of tariffs, if required, after completion of the Domestic Cargo Terminal in case there is a shortfall in the ARR.

6.2.13 The Authority notes that AAICLAS is a new ISP and will need additional infrastructure to establish/capitalize the market with new improved cargo services and accordingly the Authority proposes to accept the proposed CAPEX except New Domestic Cargo Terminal (estimated cost Rs.7000 lakhs) for the 1<sup>st</sup> Control period.

6.2.14 The Authority, having considered the Revised Capitalization Schedule for CAPEX and based on its review at para 6.2.11 & 6.2.12 above proposes to consider allowable CAPEX as Rs.13567.68 lakhs for 1<sup>st</sup> Control Period. The details of aeronautical additions to RAB considered by Authority asset-wise is given in Table-12:

**Table No-12: Summary of aeronautical CAPEX considered by Authority based on revised capitalization schedule (COVID19 impact) for 1<sup>st</sup> Control Period**  
(Rs. In Lakhs)

<b>Additions to RAB</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>	<b>FY 2021-22</b>	<b>FY 2022-23</b>	<b>FY 2023-24</b>	<b>Total</b>
Building	1,081.82	47.20	3,621.19	2,600.00	800.00	8,150.21
Plant and Machinery	472.71	300.00	150.00	500.00	300.00	1,722.71
Furniture and Fixtures	20.00	30.00	25.00	35.00	20.00	130.00
Office Equipment	3.63	15.00	30.00	30.00	20.00	98.63
Road	0.00	0.00	0.00	0.00	0.00	0.00
Computers	48.18	25.00	155.62	25.00	25.00	278.79
Electrical Installation	171.09	0.00	700.00	1,400.00	60.00	2,331.09
Software	3.17	653.08	100.00	50.00	50.00	856.25
<b>Total</b>	<b>1,800.59</b>	<b>1,070.28</b>	<b>4,781.80</b>	<b>4,640.00</b>	<b>1,275.00</b>	<b>13,567.68</b>

6.2.15 Further, the Authority expects AAICLAS to adhere to the CAPEX plans and capitalize the various projects as per the proposed completion dates (Revised schedule). In addition to normal true up with

carrying costs, the Authority proposes a penalty of 1% by way of reduction from eligible ARR, to be imposed on AAICLAS, if it fails to meet the CAPEX proposed as per Table-12 (for detailed list refer Annexure-III). The Authority has allowed a FRoR of 14% as Return on RAB as considered for its parent AAI, at other airports. The Authority noted that AAICLAS does not have any debts presently.

6.2.16 The Authority notes that the cost of the planned CAPEX is indicative. The Authority proposes to consider the Additions to RAB (aeronautical assets) during the 1st Control Period as given in Table-12 subject to true-up of RAB based on actual aeronautical asset addition, and the actual costs as per the tender while determining tariffs for the next control period.

### 6.3 Depreciation on RAB

6.3.1 AAICLAS as per MYTP submissions computed depreciation as per Companies' Act 2013 in line with its financial statements. Method of computing depreciation is "straight line." AAICLAS has computed depreciation for CAPEX of Rs.20567.68 lakhs as per Table -13:

**Table-13: Depreciation as computed by AAICLAS for 1<sup>st</sup> Control Period (Rs. in Lakhs)**

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24	Total
Building	77.00	221.00	442.67	490.17	515.50	<b>1,746.34</b>
Plant and Machinery	82.16	101.16	110.66	142.32	161.32	<b>597.61</b>
Furniture & Fixtures	3.20	6.05	8.42	11.75	13.65	<b>43.05</b>
Office Equipment	7.80	10.65	16.35	22.05	25.85	<b>82.71</b>
Road	1.24	0.00	0.00	0.00	0.00	<b>1.24</b>
Computers	20.45	69.73	77.65	79.17	25.00	<b>272.00</b>
Electrical Installation	33.76	261.76	413.76	432.76	444.16	<b>1,586.19</b>
Software	1.06	218.75	252.08	268.75	82.28	<b>822.92</b>
<b>Total</b>	<b>226.66</b>	<b>889.09</b>	<b>1,321.58</b>	<b>1,446.97</b>	<b>1,267.75</b>	<b>5,152.06</b>

#### Authority's Examination:

6.3.2 Based on its proposal to not consider the CAPEX of Rs.7000 lakhs for the Domestic Cargo Terminal Building in the Additions to RAB (FY 2022-23) as detailed in para 6.2.11 above, the Authority proposes to consider allowable CAPEX of Rs.13567.68 lakhs (refer para 6.2.13 table-12) for the 1<sup>st</sup> Control Period.

6.3.3 The Authority re-computed the depreciation based on depreciation rates as per AERA Order no.35/2017-18 on account of variance in depreciation rates for one class of asset viz. "furniture & fixtures" as explained in the previous section. The Depreciation on allowable aeronautical CAPEX of Rs.13,267.68 lakhs (as per table -12) based on the revised capitalization schedule considered by Authority for the purpose of Average RAB calculations for 1<sup>st</sup> Control Period is given in Table-14

**Table No-14: Depreciation for 1<sup>st</sup> Control Period as considered by Authority (Rs. in Lakhs)**

Depreciation	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	Total
Building	70.00	71.50	186.17	268.50	293.83	<b>889.99</b>
Plant and Machinery	82.16	101.16	110.66	142.32	161.32	<b>597.61</b>
Furniture and Fixtures	4.57	8.64	12.03	16.78	19.49	<b>61.50</b>
Office Equipment	7.80	10.65	16.35	22.05	25.85	<b>82.71</b>
Road	1.24	0.00	0.00	0.00	0.00	<b>1.24</b>
Computers	20.45	28.37	77.65	85.56	59.97	<b>272.00</b>
Electrical Installation	33.76	33.76	166.76	432.76	444.16	<b>1,111.19</b>
Software	1.06	218.75	252.08	268.75	82.28	<b>822.92</b>
<b>Total</b>	<b>221.03</b>	<b>472.82</b>	<b>821.69</b>	<b>1,236.73</b>	<b>1,086.90</b>	<b>3,839.17</b>

6.3.4 The net impact on depreciation due to the revision in the capitalization schedule of major capital projects including the revision in depreciation rate (furniture & fixtures) is summarized in Table 15.

**Table 15: Net Impact on Depreciation (Rs.in Lakhs)**

Depreciation	2019-20	2020-21	2021-22	2022-23	2023-24	Total
Proposed by AAICLAS	226.66	889.09	1321.58	1446.97	1267.75	<b>5152.06</b>
Revised by Authority	221.03	472.82	821.69	1236.73	1086.90	<b>3839.17</b>
<b>Difference</b>	<b>5.63</b>	<b>416.27</b>	<b>499.89</b>	<b>210.24</b>	<b>180.85</b>	<b>1312.89</b>

#### 6.4 Regulatory Asset Base (RAB)

6.4.1 Based on the analysis in previous sections of this chapter and after verifying other material facts made available and further relying upon AAICLAS's audited financial accounts, the Authority decided to compute the roll forward RAB for the 1<sup>st</sup> Control Period.

6.4.2 Accordingly, the Authority considered Opening RAB as on 01.04.2019 as per table-7, aeronautical additions to RAB (CAPEX) as per table-12 and Depreciation as per table-14 and computed the Average RAB for ARR calculations for determination of aeronautical cargo tariffs for the 1<sup>st</sup> Control Period as per Table -16:

**Table No-16: Average RAB for ARR for 1st Control Period considered by Authority (Rs. in lakhs)**

Particulars	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	Total
<b>Opening RAB (A)</b>	<b>1368.13</b>	2947.69	3545.16	7505.27	10908.54	26274.79
<b>Additions (B)</b>	1800.59	1070.28	4781.80	4640.00	1275.00	<b>13567.68</b>
Disposals (C)	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation (D)	221.03	472.82	821.69	1236.73	1086.90	3839.17
<b>Closing RAB (E)</b>	2947.69	3545.16	7505.27	10908.54	11096.64	36003.00
<b>Average RAB (A+B)/2</b>	<b>2157.91</b>	<b>3246.42</b>	<b>5525.21</b>	<b>9206.90</b>	<b>11002.59</b>	

**Proposal No. 5: RAB/Additions to RAB & Depreciation**

- 5.a** The Authority proposes to consider Opening RAB as on 01.04.2019 as per table-7 and allowable aeronautical additions to RAB of Rs.13567.68 lakhs for 1<sup>st</sup> Control Period as per table-12.
- 5.b** The Authority proposes not to consider the project cost of the New Cargo Domestic Terminal amounting to Rs.7000.00 lakhs under “Additions to RAB” (CAPEX) for the calculation of ARR for the 1<sup>st</sup> Control Period. However, if required AAICLAS can approach the Authority for mid-term review of Tariffs after completion of the Project. Otherwise, the Project Cost and its completion will be considered on actual basis in the 2<sup>nd</sup> Control Period;
- 5.c** The Authority proposes to consider Average RAB for the 1<sup>st</sup> Control Period as calculated in Table-16;
- 5.d** The Authority proposes that in addition to normal true up with carrying costs, to impose a penalty of 1% of the Project Cost, if AAICLAS fails to commission and capitalize the CAPEX projects (table-12) on time as per the Revised CAPEX schedule annexed as Annexure-III;
- 5.e** To True-up Opening RAB of next Control Period depending on the actual CAPEX incurred and date of capitalisation of underlying assets in a given year.
- 5.f.** AAI should undertake User Stakeholder Consultation process for major capital expenditure items as per the Guidelines.
- 5.g** The Authority proposes to consider depreciation for 1<sup>st</sup> Control Period as per Table 14.

## 7 Fair Rate of Return (FRoR)

7.1 AAICLAS has submitted that it has considered Fair Rate of Return (FRoR) as 14% on the average RAB, at par with the decision taken by the Authority for other AAI airports, including Chennai, Jaipur, Patna for the first control period. As per their MYTP submission AAICLAS has stated that it has no debts and it is a 100% subsidiary of AAI.

### **Authority's Examination**

7.2 The Authority notes that AAICLAS is a 100% subsidiary demerged from AAI in FY 2016-17. The Authority recognizes that the capital structure of AAICLAS may not be regarded as an efficient one in that it doesn't optimize the cost of funds from a regulatory perspective. The Authority desires that the FRoR allowed to AAICLAS at Kolkata Airport should come down over a period of time by optimizing capital gearing. The Authority may also consider a normative capital structure to determine the FRoR at a later date. Considering its nascent stage, it may not be reasonable to expect AAICLAS, Kolkata Airport to contract large amounts of debt over a short period of time.

7.3 The Authority notes that it has considered FRoR at 14% for AAI Airports in the First Control Period considering the recommendations of another Study done by National Institute of Public Finance and Policy (NIPFP). Since the capital structure of AAICLAS, at present, is same as that of AAI, the Authority proposes to consider the same FRoR as determined for AAI Airports for AAICLAS also.

7.4 The FRoR considered by the Authority for the tariff determination of 1<sup>st</sup> Control Period for AAICLAS Kolkata is given in table 17:

**Table-17 : FRoR as considered by Authority for AAICLAS for the 1<sup>st</sup> Control Period**

Particulars	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
FRoR	14%	14%	14%	14%	14%

### **Proposal No. 6: Regarding Fair Rate of Return (FRoR)**

**6.a The Authority proposes to consider FRoR for the 1<sup>st</sup> Control Period as per table -17.**



## 8 Operating and Maintenance Expenses (OPEX)

8.1 Operation and Maintenance (O&M) expenditure submitted by AAICLAS is segregated into: (i) Payroll expenses; (ii) Admin and Other Expenses; (iii) Concession Fees to AAI; (iv) Operating Expenses; (v) Apportionment of CHQ Expenses; and (vi) Depreciation.

8.2 AAICLAS assumptions for projections of OPEX for 1<sup>st</sup> Control Period:

The metric used for forecasting operating and maintenance expenses is a combination of CAGR (cargo volumes) and CPI (inflation) index. The details are given in Table -17a:

**Table No-17a: AAICLAS assumptions for Projections of OPEX for 1<sup>st</sup> Control Period**

Particulars		FY2019-20	FY2020-21	FY2021-22	FY2022-23	FY2023-24
10-year CAGR	A	3.48%	3.48%	3.48%	3.48%	3.48%
*Average CPI index	B	3.58%	4.10%	4.08%	4.00%	4.00%
<b>YoY % increase</b>	<b>C=A*B</b>	<b>7.18%</b>	<b>7.72%</b>	<b>7.70%</b>	<b>7.62%</b>	<b>7.62%</b>

\*IMF Data

8.3 The details and assumptions for projections of O&M Expenditure for FY 2020-24 as per AAICLAS submissions are given in Table .

**Table No-18: Assumptions made by AAICLAS Kolkata Airport for each item of Operation and Maintenance Expenditure**

Item	Details / Assumptions
Employee benefit costs /	<ul style="list-style-type: none"> <li>• AAICLAS has projected an increase of 15.38% (Rs.225.30 lakhs) in employee benefit costs in FY2019-20 over previous year FY 2018-19 actuals;</li> <li>(i) Out of the above, 7.8% increase (Rs.105.16 lakhs) represents the YoY incremental Employee (Direct &amp; Indirect) Benefit Costs as per assumptions given in Table-17a applied on actuals of FY 2018-19;</li> <li>(ii) The balance increase of 7.58% (Rs.120.14 lakhs) is on account of following:               <ul style="list-style-type: none"> <li>(a) Cost of Manpower supplied by OEM Vendor for ETV – Renewal of Contract in FY 2019-20 at cost of Rs.88.94 lakhs - recurrent cost considered for all 05 years subject to YoY increase as per assumptions in Table -17a</li> <li>(b) Cost of Hiring Contract Employees through Government e-Marketplace Portal at the wages determined by Ministry of Labour &amp; Employment for categories such as Un-skilled, Semi/Skilled &amp; Highly Skilled, etc. from FY 2019-20 onwards at cost of Rs.31.20 lakhs - considered for all 05 years - subject to YoY increase as per assumptions in Table-17a;</li> </ul> </li> </ul>
Utilities and Outsourcing	<ul style="list-style-type: none"> <li>• Costs towards power charges (electricity consumed), water charges, telephone expenses, etc. incurred by AAICLAS at Kolkata Airport are paid by AAI due to non-segregation of meters, lease lines etc.</li> <li>• Cost incurred at CHQ - From FY 2019-20 onwards, the cost incurred by parent AAI towards power, water, telephone expenses, will be recovered from AAICLAS; Projections included accordingly by AAICLAS as additional administrative costs at CHQ;</li> </ul>

Item	Details / Assumptions
	<p><b><u>CISF / DGR Security</u></b></p> <ul style="list-style-type: none"> <li>AAICLAS has stated that the expenditure on deployment of CISF Personnel at the airport was incurred by AAI up to FY 2018-19. From FY 2019-20 onwards, the cost incurred by AAI will be recovered from AAICLAS on the basis of actual deployment of Personnel. Apart from CISF Security Personnel there is DGR Security (Outsourced Activity) – The no. of CISF /DGR Security Personnel, deployed in each shift, including the locations, is given in Table-21;</li> <li>GH Support Services (Agency: M/s JP Aviation ) - AAICLAS has deployed 46 nos. of Personnel with an Average Salary of Rs.2.40 Lakhs p.a. at a Total Cost of Rs.110.40 lakhs;</li> </ul>
Administration & Other expenses	<ul style="list-style-type: none"> <li>AAICLAS Central Headquarters (CHQ) is located in New-Delhi and the CHQ expenses are proportionately divided among all the stations/airports based on the revenue generated by that airport. The share of AAICLAS Chq expenses allocated to Kolkata Airport is @23.06% (Table-20) ;</li> <li>Additionally, Administrative Costs of Rs.700.50 lakhs are estimated for its CHQ from FY 2019-20 onwards (table-19), some of which were earlier paid by the parent AAI for e.g. cost towards electricity, telephone expenses, etc., (Utilities) considering non-segregation of meters and lease line, etc.- recurrent cost considered for all 05 years- subject to annual escalation as per table-17a.</li> </ul>

**Table No-19: Additional Administrative Cost at CHQ AAICLAS (Rs. in Lakhs)**

Particulars	FY 2019-20
Employee Cost - New Vacancy and impact of salary increase	218.50
Administrative Cost-Maintenance	30.00
Administrative Cost-Electricity	40.00
Administrative Cost-Printing & Advertisement	20.00
Administrative Cost-security	12.00
Administrative Cost-Telephone & expenses & other misc.	20.00
OPEX- Misc. Exp	10.00
OPEX-Sap & Infra- development	150.00
OPEX-Server / Lease Line - Hire charges	50.00
OPEX-ICMS and MPLS connectivity	150.00
<b>Total</b>	<b>700.50</b>

**Table No- 20: Allocation of Expenses of Central Headquarters AAICLAS (Rs. in lakhs)**

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24	Total
Total Chq Expenditure	1,220.97	2,069.86	2,229.18	2,399.04	2,581.83	<b>10,500.88</b>
Additional Chq Cost	700.50					
<b>Total Cost</b>	<b>1,921.47</b>	<b>2,069.86</b>	<b>2,229.18</b>	<b>2,399.04</b>	<b>2,581.83</b>	<b>11,201.38</b>
Share of Expenditure to Kolkata basis of the revenues	23.06%	23.06%	23.06%	23.06%	23.06%	
<b>Chq Expenditure towards Kolkata Airport</b>	<b>443.1</b>	<b>477.32</b>	<b>514.07</b>	<b>553.23</b>	<b>595.39</b>	<b>2,583.11</b>

**Table No. 21: Summary of CISF and DGR personnel deployed at AAICLAS Kolkata Intl. Airport (in nos.)**

Location	Type of Security	General Shift	Morning Shift	Afternoon Shift	Night Shift	Total
Domestic Cargo Terminal	DGR	Nil	9	9	7	25
International Cargo Terminal	DGR	3	11	15	10	39
International & CUDCT	CISF		25	25	25	75

8.4 AAICLAS in its submission has stated that the figures for Operation and Maintenance (“O&M”) expenses for FY 2016-17 and FY 2017-18 have been tried up.

8.5 AAICLAS has submitted the Historical OPEX (FY18 & FY19 based on actuals) and future projections of OPEX based on above information as per Table –22:

**Table No-22: Summary of Historical OPEX & Projections for 1<sup>st</sup> Control Period as considered by AAICLAS (Rs. In Lakhs)**

Particulars of Expenditure	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	Total FY 2020-24
	Actuals		Projections					
YoY Cost Index Refer Table-15			7.18%	7.72%	7.70%	7.62%	7.62%	
Employee benefit expense	1,284.27	1,464.71	1,690.01	1,820.53	1,960.66	2,110.06	2,270.84	9,852.10
Operating Expenses	1,296.94	1,061.71	1,826.93	1,968.03	2,191.51	2,358.50	2,538.20	10,883.17
Administrative and Other Expenses	27.18	53.91	57.78	62.24	67.03	72.14	77.63	336.82
Concession Fee	2,373.63	2,231.10	2,308.75	2,389.11	2,472.25	2,558.30	2,647.34	12,375.75
Chq Expenditure allocated	163.49	262.70	443.10	477.32	514.07	553.23	595.39	2,583.11
Depreciation	460.18	223.30	226.66	889.09	1,321.58	1,446.97	1,267.75	5,152.05
<b>Total O&amp;M Costs</b>	<b>5,605.68</b>	<b>5,297.43</b>	<b>6,553.24</b>	<b>7,606.33</b>	<b>8,527.11</b>	<b>9,099.19</b>	<b>9,397.15</b>	<b>41,183.00</b>

**Authority’s Examination**

8.6 The Authority noted the assumptions made by AAICLAS for the purpose of projections on Operational Expenditure and the other details provided in the MYTP. AAICLAS subsequently provided clarifications.

8.7 On careful examination it is observed that AAICLAS has projected an increase of Rs.689.00 lakhs in the total Operating & Maintenance Expenses for FY2019-20 which works out to 72.08% over the previous year actuals for FY 2018-19. Similarly an increase of 11.36% is observed in the projections for FY2021-22. The projections in the above two tariff years are different from the assumptions submitted by AAICLAS as given in table-17a.

8.8 AAICLAS has submitted the following justification for the additional O&M costs of Rs.689.00 lakhs considered for FY 2019-20:

Particulars	FY2018-19 (Actuals)	FY2019-20 (Projection)
Operating Exp.	1061.71	1061.71

(ref. table- 21 above)		
Add: YoY 7.18%		6.22
Add: CISF Cost		464.00
Add: DGR security (Outsource Activity)		185.00
Add: Ground Handling Support Services (Agency: JP Aviation)		40.00
<b>Total</b>		<b>1826.93</b>

- 8.8.1 Regarding deployment of CISF resources AAICLAS has justified that the same is based on the sensitivity of the operations, considering that the cargo terminal is in close proximity to the runway and breach of security could result in threat to the airport services. It has been further stated that the CISF deployment cost would be incurred by AAI and recovered from AAICLAS on the basis of actual deployment of resources. The figures are provisional for the FY2019-20 and it would be tried up in the 2nd Control Period.
- 8.8.2 The Authority considered the details provided by AAICLAS in its subsequent submissions regarding the number of CISF /DGR personnel and decided that details relating to CISF deployment cost can be reconciled later at the time of true up and the cost projected for the current proposal can be allowed for the calculation of ARR. However the Authority feels that the deployment of the CISF is mainly to safeguard the Airport Operations and not the Cargo Operations. So the cost of deployment of the CISF should be borne by the Airport and not AAICLAS. Accordingly AAICLAS may take up this issue with AAI/Airport. The Authority at present is considering this cost but would like to review this aspect at the time of true up.
- 8.9 Similarly, the Authority sought details regarding the increase of 11.36% YoY in the O&M costs in FY 2021-22 over the previous year FY 2019-20 projections which are different from the assumptions of YoY 7.70% as per table 17a. AAICLAS has clarified that the increase is on account of AMC cost for ICMS (Integrated Cargo Management System) Software used for recording of cargo information which is a vital component for performing Billing Services. The Authority noted that AAICLAS has already awarded the Contract for Rs.32.82 Lakhs on 7th Jan 2020, and, as such, proposes to consider the above AMC Cost for ARR computations for 1<sup>st</sup> Control Period.
- 8.10 The Authority observed that AAICLAS has projected an Annual Maintenance Cost (AMC) of Rs.40.00 lakhs for New Cargo Domestic Terminal in FY2021-22 under Operating Expenses. The Authority in Chapter on RAB para 6.17 has proposed to not consider the New Cargo Domestic Terminal in FY2021-22. Accordingly, the Authority proposes to exclude the maintenance cost of Rs.40.00 lakhs in OPEX for computation of target ARR. The Authority, for making adjustments on this account from FY 21-22 to FY 23-24 of the Control Period, proposes to consider a 5% YoY escalation, instead of applying the index as proposed by AAICLAS (combination of CAGR & Inflation) as it appears to be very high. Based on the above, the revised Operating Expenses as considered by the Authority for 1<sup>st</sup> Control Period is as per Table -23 :

**Table No-23: Revised Operating Expenses as considered by Authority (Rs. in Lakhs)**

<b>Operating Expenses</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>	<b>FY 2021-22</b>	<b>FY 2022-23</b>	<b>FY 2023-24</b>	<b>Total</b>
Proposed by AAICLAS	1,826.93	1,968.03	2,191.51	2,358.50	2,538.20	<b>10,883.17</b>
Less : AMC cost not considered	0.00	0.00	-40.00	-42.00	-44.10	<b>-126.10</b>
Considered by Authority for ARR	1,826.93	1,968.03	2,151.51	2,316.50	2,494.10	<b>10,757.07</b>

- 8.11 As per the Concession Agreement AAICLAS has to pay 30% of its gross revenues, annually, to AAI, in consideration for the ‘right to operate’ cargo business at all the AAI managed airports across India.
- 8.12 The Authority notes that payment of “annual concession fee” by AAICLAS to AAI (revenue share arrangement) is treated as an “arms’ length transaction” between AAI and AAICLAS (principal & its 100% subsidiary resp.) as per the Concession Agreement.
- 8.13 Authority has revised the computation of “concession fee” based on the projected revenues for 1<sup>st</sup> Control Period. In the Chapter on ‘Revenue from Operations’ in subsequent sections of this Consultation Paper the workings for Revenue projections for 1<sup>st</sup> Control Period as considered by the Authority is dealt with in detail. For ease of reference the revenue considered by Authority is reproduced in the Table below.

**Table No-24 : Concession Fee considered by Authority for Tariff determination (Rs. in Lakhs)**

Particulars	FY	FY	FY	FY	FY	Total
	2019-20	2020-21	2021-22	2022-23	2023-24	
Revenue from regulated services (A)	7,556.43	7,819.39	8,091.51	8,373.09	8,664.48	40,504.90
Revenue from other than regulated Services (B)	392.84	406.51	420.66	435.30	450.45	2105.76
<b>Total Revenue (A)+(B)</b>	<b>7949.27</b>	<b>8225.91</b>	<b>8512.17</b>	<b>8808.39</b>	<b>9114.92</b>	<b>42610.66</b>
<b>Concession Fee @ 30% of Gross Revenue</b>	2384.78	2467.77	2553.65	2642.52	2734.48	<b>12783.20</b>

- 8.14 The Authority notes that the “concession fee’ payable by AAICLAS to AAI is subject to change as and when the tariffs are approved by the Authority. Hence, this cost will be trued up in the second control period based on the actual revenues earned and reconciled with refunds, if any, on this account by AAI.
- 8.15 The Authority proposes to accept the apportionment of CHQ expenses on the basis of actual revenues of AAICLAS Kolkata, as the same is consistent with the approach adopted by the Authority for determining tariffs of other airports.
- 8.16 Based on the Authority’s proposals as above, the revised Operations & Maintenance Expenditure (OPEX) for the 1<sup>st</sup> Control Period for AAICLAS Kolkata Airport is given in Table 25.

**Table No-25: Projected OPEX for the 1<sup>st</sup>Control Period as per Authority’s Examination (Rs. in Lakhs)**

Particulars	FY	FY	FY	FY	FY	Total
	2019-20	2020-21	2021-22	2022-23	2023-24	
	Projections					
Employee benefit Expenses	1,690.01	1,820.53	1,960.66	2,110.06	2,270.84	<b>9,852.10</b>
O& M Expenses (excl. lease rent & concession fees)	1,826.93	1,968.03	2,151.51	2,316.50	2,494.10	<b>10,757.07</b>
Administrative and Other Expenses	57.78	62.24	67.03	72.14	77.63	<b>336.82</b>
Concession Fee	2,384.78	2,467.77	2,553.65	2,642.52	2,734.48	<b>12,783.20</b>
Chq Expenses allocated to Kolkata Station	443.10	477.32	514.07	553.23	595.39	<b>2,583.11</b>
Depreciation	221.03	472.82	821.69	1,236.73	1,086.90	<b>3,839.17</b>
<b>Total OPEX</b>	<b>6,623.62</b>	<b>7,268.70</b>	<b>8,068.61</b>	<b>8,931.18</b>	<b>9,259.35</b>	<b>40,151.46</b>

**Proposal No.7: Regarding O&M Expenses (OPEX)**

- 7.a** The Authority proposes to consider the operational and maintenance expenditure as given in Table 25 above, for the purpose of determination of tariffs for the 2<sup>nd</sup> control period. The Authority has considered CPI inflation as per table-17a and proposes to true up the same during the next control period based on the actual index applicable for the 1st control period;
- 7.b** The Authority proposes to true up the O&M expenditure for FY 2019-20 to FY 2023-24 of the 1st control period based on the actuals at the time of determination of tariffs for the 2nd control period. The Authority also proposes to true up the “concession fee” based on actuals and to reconcile with refunds, if any, on this account by AAI.
- 7.c** The CISF deployment Cost is proposed to be reconciled later at the time of true up; The Authority proposes to allow the cost projected by AAICLAS in the current proposal for Kolkata Intl. Airport for 1<sup>st</sup> Control Period for the calculation of ARR.
- 7.d** The Authority proposes the following factors for corrections while determining tariffs for the 2nd control period:
- (i)** Cost of actual operating expenses including electricity, water;
  - (ii)** All statutory levies in the nature of fees, levies, taxes and other such charges by Central or State Government or local bodies, local taxes, levies directly imposed on and paid by AAICLAS on final product/service provided by AAICLAS will be reviewed by the Authority for the purpose of corrections. Any additional expenditure by way of interest payments, penalties, fines and such penal levies associated with such statutory levies which AAICLAS has to pay, for either any delay or non-compliance, the same may not be trued up.

## 9. TAXATION

- 9.1 As per clause 9.5 of CGF Guidelines, taxation represents payments by the Service Provider in respect of corporate tax on income from assets and services taken into consideration for determination of Aggregate Revenue Requirement.
- 9.2 The Authority shall review forecast for corporate tax calculation with a view to ascertain inter alia the appropriateness of the allocation and the calculations thereof.
- 9.3 The Authority has computed tax on revised revenue as per Table -26 based on revised tariff and revised depreciation for 1<sup>st</sup> Control Period..

**Table no. 26: Revised tax liability as per the Authority** (Rs. in lakhs)

Particulars	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24
Aeronautical Revenues with revised tariffs	7949.27	8225.91	8512.17	8808.39	9114.92
Aeronautical OPEX (excl. Depreciation)	6402.60	6795.89	7444.46	7803.13	8189.16
Depreciation	221.03	472.82	821.69	1236.73	1086.90
Profit before tax	1325.64	957.20	246.01	-231.46	-161.14
Tax rate (%)	25.168%	25.168%	25.168%	25.168%	25.168%
<b>Tax for aeronautical services</b>	<b>333.64</b>	<b>240.91</b>	<b>61.92</b>	<b>0.00</b>	<b>0.00</b>

**Proposal No.8: Regarding Taxation**

- 8.a The Authority has proposed to consider tax as given in Table 26.
- 8.b The Authority has proposed to true up amount of tax in the 2nd Control Period based on the actual tax liability during the 2nd Control Period.

## 10. Aggregate Revenue Requirement(ARR) & Shortfall Computation for 1st Control Period

- 10.1 AAICLAS has computed target ARR by including a 25% PAT to costs. In its submission, AAICLAS has stated that Cargo business is ‘human capital’ intensive rather than ‘capital asset’ intensive. As such, due to low Asset Base for this business, a return on investment (FRoR) alone may not be sufficient to maintain sustainable operations. As such PAT margin of 25%, which AAICLAS considers reasonable, has been used for computing the eligible/target ARR for the 1<sup>st</sup> Control Period for Kolkata Airport.
- 10.2 AAICLAS has submitted that the profit margin adopted in their proposal is comparable with the margins earned by airports like Hyderabad (HIAL) and Bangalore (BIAL), whom AAICLAS considers as its fair competitors in the cargo business, on the basis of size of operations and volumes handled.
- 10.3 The ARR computation as submitted by AAICLAS Kolkata Intl. Airport for the 1st Control Period for Kolkata Intl. Airport is shown in Table 27:

**Table No-27: ARR submitted by M/s AAICLAS for Kolkata as per MYTP for 1<sup>st</sup> Control Period (Rs. in Lakhs)**

Particulars	FY2017-18	FY2018-19	FY2019-20	FY2020-21	FY2021-22	FY2022-23	FY2023-24
	Actuals		Projections	Projections	Projections	Projections	Projections
<b>ARR Required</b> [1] = [2] + [3]	<b>8,621.27</b>	<b>8,266.03</b>	<b>9,411.45</b>	<b>18,049.25</b>	<b>17,412.34</b>	<b>18,646.05</b>	<b>19,652.56</b>
Employee Benefits Cost	1,284.27	1,464.71	1,690.01	1,820.53	1,960.66	2,110.06	2,270.84
O&M Expenses (other than Lease rent, Concession Fee)	1,296.94	1,061.71	1,826.93	1,968.03	2,191.51	2,358.50	2,538.20
Admin. Cost	27.18	53.91	57.78	62.24	67.03	72.14	77.63
CHQ Expenditure allocated to Kolkata airport	163.49	262.70	443.10	477.32	514.07	553.23	595.39
Depreciation	460.18	223.30	226.66	889.09	1,321.58	1,446.97	1,267.75
Concession Fee - On Revenue	2,373.63	2,231.10	2,445.95	5,041.04	5,372.98	5,726.78	6,103.88
<b>Total Cost [2]</b>	<b>5,605.68</b>	<b>5,297.43</b>	<b>6,690.45</b>	<b>10,258.26</b>	<b>11,427.84</b>	<b>12,267.67</b>	<b>12,853.69</b>
<b>Profit Before Tax</b> [3] = [1]-[2]	<b>3,015.58</b>	<b>2,968.60</b>	<b>2,721.00</b>	<b>7,790.99</b>	<b>5,984.50</b>	<b>6,378.37</b>	<b>6,798.87</b>
Tax [4]	860.27	902.09	368.14	1,647.30	1,631.42	1,716.86	1,885.73
<b>Profit after Tax (PAT)</b> [5] = [3]-[4]	<b>2,155.32</b>	<b>2,066.51</b>	<b>2,352.86</b>	<b>6,143.69</b>	<b>4,353.09</b>	<b>4,661.51</b>	<b>4,913.14</b>
<b>Profit % to Revenue</b> [6] = [5]÷[1] %	<b>25%</b>	<b>25%</b>	<b>25%</b>	<b>34%</b>	<b>25%</b>	<b>25%</b>	<b>25%</b>



## Authority's Examination

- 10.4 The Authority, having noted and examined the submissions made by AAICLAS regarding ARR, decided to determine ARR as per its own philosophy and guidelines based on its analysis of building blocks of RAB / RAB as discussed in prior Chapters of this Consultation Paper.
- 10.5 The Authority has proposed to not consider the pre-control period of FY 2017-18 & FY 2018-19 for tariff determination purpose. Here the Authority observed that on the basis of actual revenues and expenses AAICLAS has earned a surplus of 31% and 33% respectively in FY2017-18 and FY2018-19 and as such there is no shortfall to be carried forward from the prior period. However, the Authority has proposed to consider the audited financial actuals for FY18& FY19 for projection purposes.
- 10.6 Further, the date of the Order shall be considered as 01.11.2020 for the purpose of calculating discounting factors.
- 10.7 Considering average RAB as per Table 16, FRoR as per Table 17, depreciation as per Table 14, O&M expenses as per Table 25, tax expense as per Table 26, total cargo volumes as per Table 4, the Authority's target ARR computation is given in **Error! Reference source not found.**Table-28:

**Table No- 28: Target ARR considered by Authority for tariff determination for 1<sup>st</sup> Control Period**

(Rs. in Lakhs)							
	Particulars	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	Total for Control Period
	Average RAB [1]	2,157.91	3,246.42	5,525.21	9,206.90	11,002.59	
	FRoR [2]	14%	14%	14%	14%	14%	
	<b>Return on Average RAB</b> [3] [3] = [1] * [2]	302.11	454.50	773.53	1,288.97	1,540.36	4,359.47
	<b>Add: Depreciation</b> [4]	221.03	472.82	821.69	1,236.73	1,086.90	3,839.17
	<b>Add : Operating Expenses</b> [5] [5] = [a + b + c + d + e ]	6,402.59	6,795.88	7,246.92	7,694.45	8,172.45	36,312.29
(a)	Employee Cost	1,690.01	1,820.53	1,960.66	2,110.06	2,270.84	9,852.10
(b)	O&M Expenses (other than Lease rent & Concession Fee)	1,826.93	1,968.03	2,151.51	2,316.50	2,494.10	10,757.07
(c)	Administrative & Other Expenses	57.77	62.23	67.03	72.14	77.64	336.81
(d)	Chq Expenses allocated	443.10	477.32	514.07	553.23	595.39	2,583.11
(e)	Concession Fee (30% of Revenue) before price increase	2,384.78	2,467.77	2,553.65	2,642.52	2,734.48	12,783.20
	<b>Add : Tax</b> [6] ={ [8]-[5]-[4] }*25.168% (@ 25.168% IT Act 1961)	333.64	240.91	111.64	0.00	0.00	686.19
	<b>Target ARR</b> [7] [7] = [3+4+5+6]	7259.37	7964.11	8953.78	10220.14	10799.71	45197.11

- 10.8 The Authority proposes that in view of the prevailing COVID19 pandemic situation no tariff increase may be considered in FY 2020-21.
- 10.9 Further, the Authority, proposes to increase the tariffs by 11.5% in FY 2021-22 and further maintain the same tariff level for the remaining tariff years FY2022-23 and FY 2023-24 to meet the shortfall in the eligible ARR for the 1st Control Period.

10.10 The calculations for the proposed tariff increase for 1st Control Period by the Authority is given in Table-29:

**Table-29: Tariff Increase for 1<sup>st</sup> Control Period as per the Authority's Examination (Rs. in Lakhs)**

	2019-20	2020-21	2021-22	2022-23	2023-24	Total
Employee Cost (table-25) (1)	1690.01	1820.53	1960.66	2110.06	2270.84	9852.10
O&M Expenses (table-25) (other than Lease rent, Concession Fee) (2)	1,826.93	1,968.03	2,151.51	2,316.50	2,494.10	10,757.07
Administrative Costs (table-25) (3)	57.78	62.24	67.03	72.14	77.63	336.82
Chq Expenditure allocations (table-25) (4)	443.10	477.32	514.07	553.23	595.39	2583.11
Depreciation (table-25) (5)	221.03	472.82	821.69	1236.73	1086.90	3839.17
Concession Fee(Revised Revenues) 30% of (19) =(6)	2384.78	2467.77	2751.20	2751.20	2751.20	13106.14
<b>Opex Total</b> (1+2+3+4+5+6)= (7)	<b>6623.63</b>	<b>7268.71</b>	<b>8266.16</b>	<b>9039.85</b>	<b>9276.06</b>	<b>40474.41</b>
<b>Return on Avg RAB</b> (table-28) (8)	302.29	454.68	773.71	1289.15	1540.54	4360.37
Corp Tax Rate (9)	0.25	0.25	0.25	0.25	0.25	
<b>Tax (Liab. on revised revenue)</b> (19)-(7)*(9) = (10)	333.64	240.91	61.92	0.00	0.00	
<b>Target ARR (Table-28)</b> (11)	<b>7259.56</b>	<b>7964.30</b>	<b>9101.79</b>	<b>10329.00</b>	<b>10816.60</b>	<b>45471.24</b>
Discount Rate (ref. FRoR table-17) (12)	14%	14%	14%	14%	14%	
PV Discount =F/[ (1+r%)^n] (13)	1.14	1.00	0.88	0.77	0.67	
<b>PV Target ARR</b> (11*13)=(14)	<b>8275.89</b>	<b>7964.30</b>	<b>7984.02</b>	<b>7947.83</b>	<b>7300.90</b>	<b>39472.94</b>
Revenue from regulated services (15a)	7556.43	7819.39	8091.51	8373.09	8664.48	40504.90
Revenue from other than regulated Services (15b)	392.84	406.51	420.66	435.30	450.45	2105.76
<b>Projected Total Revenue</b> <b>(before tariff increase)</b> (a+b) (15)	7949.27	8225.91	8512.17	8808.39	9114.92	<b>42610.66</b>
<b>PV Proj. Revenue</b> (15)*(13) = (16)	<b>9062.17</b>	<b>8225.91</b>	<b>8044.43</b>	<b>7056.52</b>	<b>6189.93</b>	<b>38578.95</b>
<b>Discount Excess / (Deficit)</b> <b>(PV Proj. Rev - PV Target ARR)</b> (16)- (14)=(17)	<b>786.28</b>	<b>261.61</b>	<b>60.41</b>	<b>-891.31</b>	<b>-1110.97</b>	<b>-893.99</b>
Tariff Increase proposed by Authority (18)	0.00%	0.00%	11.49%	0.00%	0.00%	
<b>Estimated Revenues after tariff increase</b> (19)	<b>7949.27</b>	<b>8225.91</b>	<b>9170.65</b>	<b>9170.65</b>	<b>9170.65</b>	<b>43687.13</b>
<b>Additional Revenues</b> <b>(after tariff increase)</b> (19)-(15) =(20)	0.00	0.00	658.48	362.26	55.73	1076.47
<b>PV of Additional Revenues</b> (21)	<b>0.00</b>	<b>0.00</b>	<b>577.62</b>	<b>278.75</b>	<b>37.62</b>	<b>893.98</b>

10.11 Shortfall Computation as per the Authority for FY 2020-21 to FY 2023-24 for tariff determination (without considering additional revenues from tariff increase) is given in Table 30:

**Table 30: Shortfall computation for 1st control period as per the Authority's Examination (Rs.in Lakhs)**

Particulars	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	Total
ARR as per <b>Error! Reference source not found.</b> [s.no.7]	7259.56	7964.30	9101.79	10329.00	10816.60	45471.24
Aeronautical Cargo Revenues (before tariff increase)	7949.27	8225.91	8512.17	8808.39	9114.92	42610.66
Discount Factor at 14% p.a. (C)	1.14	1.00	0.88	0.77	0.67	
PV ARR (A)*( C)=(D)	8275.89	7964.30	7984.02	7947.83	7300.90	39472.94
PV Revenues (B)*( C)=(E)	9062.17	8225.91	8044.43	7056.52	6189.93	38578.95
<b>(Excess)/Shortfall Before tariff increase (E) – (D)</b>	786.28	261.61	60.41	-891.31	-1110.97	<b>-893.99</b>

10.12 The above computation of ARR is based on various assumptions/submissions in the MYTP of AAICLAS and Authority's proposals on the same including the proposed Additions to RAB (CAPEX). The Authority proposes that any under recovery or over recovery from the ARR determined tariff would be trued up and adjusted in the next control period.

10.13 Further, the Authority has noted that in view of all the corrections/truing up to be carried out at the end of the control period, AAICLAS may submit Annual Compliance Statements for the tariff years FY 2019-20 to FY 2023-24 of the 1<sup>st</sup> Control Period within the stipulated time for Authority's review.

**Proposal No. 9: Regarding Aggregate Revenue Requirement (ARR):**

- 9.a** The Authority proposes to consider the target ARR as calculated as per Table No. 28. The Authority will true up shortfall or over recovery, if any, in the 2<sup>nd</sup> Control Period.
- 9.b** The Authority proposes the following increase in tariff for 1st Control Period:
- (i) no increase in tariff for FY 2019-20 & FY 2020-21;
  - (ii) Increase @ 11.5% w.e.f. 01.04.2021 (FY2021-22);
  - (iii) No further increase in FY 2022-23 and FY 2023-24.
- 9.c** The revised tariffs will be effective from 1<sup>st</sup> April, 2021. Presently the ad hoc tariffs approved by the Authority are valid till 30.09.2020 (Order no.33/2019-20 dated 24.03.2020) and it is proposed to continue the same tariffs till 31.03.2021.
- 9.d** AAICLAS shall submit the Annual Compliance Statements as per the Guidelines for all the tariff years from FY 2019-20 to FY 2023-24 of the 1st Control Period along with the MYTP for the next Control Period.

## 11. Revenue from Operations : Regulated & Other than Regulated Services

11.1 As per Section 2(a) of AERA Act Cargo services are aeronautical services. M/s AAICLAS has submitted the Revenue details based on its audited financial statements for FY2017-18 & FY2018-19 as summarized in the table below:

**Table No-31: Revenue (Actuals) as submitted by AAICLAS (Rs. in Lakhs)**

Particulars	FY2017-18	FY2018-19
Revenue from regulated services (A)	7158.21	6260.60
Revenue from other than regulated Services (B)	933.21	1618.36
<b>Total Revenue (A)+(B)</b>	<b>8091.42</b>	<b>7878.96</b>

11.2 AAICLAS has considered the 10 year CAGR rate of 3.48% for the purpose of growth in Cargo Volumes and Projection of future Revenues for Kolkata Intl. Airport.

**Table No-32 : Forecast revenues considered by AAICLAS (before tariff hike) for 1st Control Period (Rs. in Lakhs)**

Particulars	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	Total
Revenue including other income	8153.15	8436.87	8730.48	9034.30	9348.69	<b>43703.49</b>

### Authority's Examination

- 11.3 The Authority noted that M/s AAICLAS is a new service provider, and, therefore, it is presumed that that it will take time to establish itself and further expand & develop its cargo business at Kolkata Airport, in line with its vision statement. Although on the conservative side, the Authority finds the assumption of AAICLAS to consider the 10 year CAGR rate of 3.48% for growth in cargo volumes and projection of future revenues for Kolkata Intl. Airport, to be reasonable considering that it is a new venture, and, accordingly, proposes to accept the same.
- 11.4 The Authority has also considered the prevailing pandemic situation and is of the opinion that currently the business in aviation sector is fraught with uncertainty and its revival and growth, as per sector experts, in expected around FY24.
- 11.5 The Authority decided not to consider the revenues earned by AAICLAS in pre-control period FY 2017-18 & FY2018-19 for the purpose of tariff determination, however, the figures have been used for projection purposes.
- 11.6 The Authority observed that the Revenue from "other than Regulated Services" increased by 38.78% in FY 2018-19 over the previous year. On further scrutiny, it was found that AAICLAS has accounted Rent/Space Rent and Royalty revenues as "other than regulated revenue." The details are summarized in Table-33:

**Table No-33 : Non-Regulated Revenue as per AAICLAS (Rs. in Lakhs)**

Particulars	FY 2017-18	FY 2018-19
Revenue from Rent/Space Rent & Royalty (A)	750.60	1041.71
Miscellaneous Income (B)	182.61	576.65
Total Revenue from "other than regulated Services" (ref: table-31) (A) + (B)	<b>933.21</b>	<b>1618.36</b>

11.7 As per the clarifications submitted by AAICLAS ‘rent /space rentals’ are subject to a cumulative increase of 10% p.a. (YoY), and, ‘Royalty’ is subject to increase once in every 02 years (no rate specified by AAICLAS). No further break-up of the figures between Rent/Space rent and Royalty is made available. The Authority proposes that since all the expenditure/expenses pertaining to the space allotted to AAICLAS for its cargo services is considered for determination of ARR and also keeping in view the fact that AAICLAS is generating revenue from such leased out space by further entering into agreements with third parties (e.g. airlines and other cargo agents), the revenue generated from such sources should be treated as part of aeronautical cargo revenues. The Authority also notes that such revenues will continue to accrue to AAICLAS at Kolkata Airport till the termination / expiry of the Third Party Agreements. AAICLAS submitted copies of User Agreements signed with various users at Kolkata Intl. Airport to the Authority vide letter dated 20.02.2020.

11.8 The remaining portion of “Other than Regulated Revenue” is stated as other miscellaneous income. The Authority observed a significant (sporadic) increase of 216% in the figures of “miscellaneous income” between FY 2017-18 & FY 2018-19, however, the figures are based on audited actuals. Therefore, to avoid abnormal increase in projection of “miscellaneous incomes” for future years, the average of two year actuals has been considered. Further, in absence of any details, the Authority has considered this revenue also as a part of aeronautical cargo revenues and will take a view on this while truing up in the 2nd control period.

11.9 Considering adjustments as discussed in preceding para the Authority proposes to consider Revenues for projection purposes as given in Table-34.

**Table No-34: Revenue as considered by Authority for Projection purposes for 1<sup>st</sup> Control Period (Rs. in Lakhs)**

Particulars of Revenue (Actuals as per AAICLAS)	FY 2017-18	FY 2018-19
Revenue from regulated services (A) (ref. table 32 & 34)	7908.81	7302.31
Revenue from other than regulated Service (B) (Miscellaneous Income) (ref: table-34)	*182.61	*576.65
<b>Total Revenues (A) + (B) = (C)</b>	<b>8091.42</b>	<b>7878.96</b>
<b>Calculation – only for projection purpose</b> Miscellaneous Income (Average of FY 18 & FY 19) (D) * ( 182.61 + 576.65) / 2 = 379.63	379.63	379.63

11.10 The Revenue Projections considered by Authority for determination of tariffs for 1<sup>st</sup> Control Period using the 10 year CAGR growth rate of 3.48% per annum is given in Table-35.

**Table No-35: Projected Revenues before tariff determination as considered by Authority for 1<sup>st</sup> Control Period (Rs. in Lakhs)**

Particulars		FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	Total
Revenue from regulated services [ref. table 34 (A)]	(1)	7556.43	7819.39	8091.51	8373.09	8664.48	<b>40504.90</b>
Revenue from other than regulated Services [ref. table 34 (D)]	(2)	392.84	406.51	420.66	435.30	450.45	<b>2105.76</b>
<b>Total Proj. Revenues before tariff increase</b>	<b>(1)+(2)</b>	<b>7949.27</b>	<b>8225.91</b>	<b>8512.17</b>	<b>8808.39</b>	<b>9114.92</b>	<b>42610.66</b>

11.11 The Authority has proposed to increase the tariffs by 11.5% in FY 2021-22 and further maintain the same tariff level for the remaining tariff years FY2022-23 and FY 2023-24 to meet the shortfall in the eligible ARR for the 1st Control Period as per table-30. The Authority expects that additional revenues as per table-36 will be generated from FY 2021-22 onwards once the proposed increase in cargo tariffs is approved by the Authority. The expected additional revenues for FY 2021-22, FY 2022-23 & FY 2023-24 of the 1<sup>st</sup> Control Period is given in Table -36.

**Table No-36: Projected Additional Revenues after Increase in Tariffs for the 1st Control Period  
(Rs. in Lakhs)**

Particulars	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	Total
Proj. Additional Revenue	0.00	0.00	659.72	363.49	56.96	<b>1080.17</b>

**Proposal No. 10: Revenue from Operations**

- 10.a** The Authority proposes to consider revenues from space rent/rent & royalty from third parties in cargo terminal building as revenues from “regulated services” and consequently exclude the same from “other than regulated services”
- 10.b.** The Authority proposes to consider Revenues as per Table No. 35 for the purpose of tariff determination of 1<sup>st</sup> Control Period for AAICLAS, Kolkata Airport.
- 10.c** The Authority proposes to true up the Cargo Revenues of 1st Control Period based on actual Cargo Revenues earned at the time of determination of tariffs for the Next Control Period.

## 12 SUMMARY OF PROPOSALS

### **Proposal No. 1 Regarding Multi Year Tariff Proposal.....9**

- 1.a. AERA decides that the 1st Control Period for AAICLAS at Kolkata Intl. Airport shall be FY 2020-2024.

### **Proposal No. 2 Regarding Regulatory till & Methodology for Tariff Determination.....11**

- 2.a Since the Cargo Service provided by M/s AAICLAS is found to be ‘Material and not Competitive,’ in accordance to AERA Guidelines, the Authority, accordingly decides to determine Tariffs based on ‘Price Cap Approach’ for the 1<sup>st</sup> First Control Period (FY 2020-24).

- 2.b The Authority proposes to compute target ARR using Single Till for 1st Control Period.

### **Proposal No. 3 Regarding Pre- Control Period.....12**

- 3.a The Authority, proposes to regularize the ad hoc tariffs approved in the interim, detailed at para 4.2, for AAICLAS Cargo Services at Kolkata Intl. Airport;

- 3.b The Authority proposes not to consider FY 2017-18 & FY 2018-19 as tariff years of pre-control period for the determination of tariffs for the 1st Control Period (FY2019-20 to FY 2023-24) for AAICLAS Kolkata Intl. Airport.

### **Proposal No. 4 Regarding Cargo Volume Forecast.....14**

- 4.a The Authority proposes to consider growth in cargo volumes @ 3.48% for the 1st Control Period for Kolkata Airport based on the 10 year CAGR as per Table-3 and the corresponding volumetric projections as per table-4;

- 4.b The Authority proposes to true-up the Cargo Volume (Intl. & Dom.) on the basis of Actual Cargo Volumes handled in 1st Control Period while determining tariffs for the 2nd Control Period;

### **Proposal No. 5 RAB/Additions to RAB & Depreciation.....22**

- 5.a The Authority proposes to consider Opening RAB as on 01.04.2019 as per table-7 and allowable aeronautical additions to RAB of Rs.13567.68 lakhs for 1<sup>st</sup> control period as per table-12.

- 5.b The Authority proposes not to consider the project cost of the New Cargo Domestic Terminal amounting to Rs.7000.00 lakhs under “Additions to RAB” (CAPEX) for the Calculation of ARR for the 1<sup>st</sup> Control Period. However, if required AAICLAS can approach the Authority for mid-term review of Tariffs after completion of the Project. Otherwise, the Project Cost and its completion will be considered on actual basis in 2<sup>nd</sup> Control Period;

- 5.c The Authority proposes to consider Average RAB for the 1<sup>st</sup> Control Period as calculated in Table-16;

- 5.d The Authority proposes that in addition to normal true up with carrying costs, to impose a penalty of 1% of the Project Cost, if AAICLAS fails to commission and capitalize the CAPEX projects (as per table-12) on time as per the Revised CAPEX schedule annexed as Annexure-III;

- 5.e To True-up Opening RAB of next Control Period depending on the actual CAPEX incurred and date of capitalisation of underlying assets in a given year.

- 5.f AAI should undertake User Stakeholder Consultation process for major capital expenditure items as per the Guidelines.

5.g The Authority proposes to consider depreciation for 1<sup>st</sup> Control Period as per Table 14.

**Proposal No. 6 Regarding Fair Rate of Return (FRoR).....24**

6.a The Authority proposes to consider FRoR for the 1<sup>st</sup> Control Period as per table -17.

**Proposal No. 7 Regarding O&M Expenses(OPEX).....30**

7.a The Authority proposes to consider the operational and maintenance expenditure as given in Table 21 above, for the purpose of determination of tariffs for the 2<sup>nd</sup> control period. The Authority has considered CPI inflation as per table-17a and proposes to true up the same during the next control period based on the actual index applicable for the 1st control period;

7.b The Authority proposes to true up the O&M expenditure for 1st control period based on the actuals at the time of determination of tariffs for the 2nd control period. The Authority also proposes to true up the “concession fee” based on actuals and to reconcile with refunds, if any, on this account by AAI during the next control period.

7.c The CISF deployment Cost is proposed to be reconciled later at the time of true up; The Authority proposes to allow the cost projected by AAICLAS in the current proposal for Kolkata Intl. Airport for 1<sup>st</sup> Control Period for the calculation of ARR.

7.d The Authority proposes the following factors for corrections while determining tariffs for the 2nd control period:

- (i) Cost of actual operating expenses including electricity, water;
- (ii) All statutory levies in the nature of fees, levies, taxes and other such charges by Central or State Government or local bodies, local taxes, levies directly imposed on and paid by AAICLAS on final product/service provided by AAICLAS will be reviewed by the Authority for the purpose of corrections. Any additional expenditure by way of interest payments, penalties, fines and such penal levies associated with such statutory levies which AAICLAS has to pay, for either any delay or non-compliance, the same may not be trued up.

**Proposal No.8 Regarding Taxation.....31**

8.a The Authority has proposed to consider Tax as given in Table 26.

8.b The Authority has proposed to true up amount of tax in the 2nd Control Period based on the actual tax liability during the 2nd Control Period.

**Proposal No. 9 Regarding Aggregate Revenue Requirement (ARR).....35**

9.a The Authority proposes to consider the target ARR as calculated as per Table No. 28. The Authority will true up shortfall or over recovery, if any, in the 2<sup>nd</sup> Control Period.

9.b The Authority proposes the following increase in tariff for 1<sup>st</sup> Control Period:

- (i) No increase in tariff for FY 2019-20 & FY 2020-21;
- (ii) Increase @ 11.5% w.e.f. 01.04.2021 (FY2021-22);
- (iii) No further increase in FY 2022-23 and FY 2023-24.



**9.c** The revised tariffs will be effective from 1<sup>st</sup> April, 2021. Presently the ad hoc tariffs approved by the Authority are valid till 30.09.2020 (Order no.33/2019-20 dated 24.03.2020) and it is proposed to continue the same tariffs till 31.03.2021.

**9.d** AAICLAS shall submit the Annual Compliance Statements as per the Guidelines for all the tariff years from FY 2019-20 to FY 2023-24 of the 1st Control Period along with the MYTP for the next Control Period.

**Proposal No. 10: Revenue from Operations.....38**

**10.a** The Authority proposes to consider revenues from space rent/rent & royalty from third parties in cargo terminal building as revenues from “regulated services” and consequently exclude the same from “other than regulated services”

**10.b.** The Authority proposes to consider Revenues as per Table No.35 for the purpose of tariff determination for the 1<sup>st</sup> Control Period for AAICLAS, Kolkata Airport.

**10.c** The Authority proposes to true up the Cargo Revenues of 1st Control Period based on Actual Cargo Revenues earned at the time of determination of tariffs for the Next Control Period.

### 13. STAKEHOLDERS' CONSULTATION TIMELINE

- 13.1 The Aggregate Revenue Requirement determined by the Authority is put up for Stakeholder Consultation. The proposed ATP of the Authority based on existing tariff is attached.
- 13.2 Tariff determined as above will be maximum tariff to be charged. No other charge is to be levied over and above the approved tariff.
- 13.3 **Demurrage free period shall be as per Government Orders issued from time to time.**
- 13.4 The Authority will issue the final order only after considering the written comments/observations of the stakeholders
- 13.5 In accordance with the provision of Section 13(4) of the AERA Act, 2008, the proposals mentioned in the Section – Summary of proposals (Chapter 12 above) read with the relevant discussion in the other sections of the paper is hereby put forth for Stakeholders' Consultation. To assist the Stakeholders in making their submissions in a meaningful and constructive manner, necessary documents are enclosed as Annexures. For removal of Doubts, it is clarified that the contents of this consultation paper may not be construed as any order or Direction of this Authority. The Authority shall pass an order, in the matter, only after considering the submissions of the Stakeholder's in response hereto and by making such decisions fully documented and explained in terms of the provisions of the Act.
- 13.6 The Authority welcomes written evidence- based feedback, comments and suggestions from Stakeholder's on the proposals made in this Consultation Paper, latest by **08.10.2020** at the following address.

Secretary,  
Airports Economic Regulatory Authority of India  
AERA Building, Administrative Complex  
Safdarjung Airport  
New Delhi -110003  
Email: [secretary@era.gov.in](mailto:secretary@era.gov.in)  
[director-ps@era.gov.in](mailto:director-ps@era.gov.in)

Tel: 011-24695040, Fax: 011-24695039

(Chairperson)

**14. ATP (Cargo Charges) Proposed by the Authority for AAI Cargo Logistics and Allied Services Company Limited (AAICLAS), at Netaji Subhas Chandra Bose International Airport, Kolkata for the 1st Control Period from 01.04.2019 to 31.03.2024.**

The Authority proposes the following increase in tariff for 1<sup>st</sup> Control Period:

- (i) No increase in tariff for FY 2019-20 & FY 2020-21;
- (ii) Increase @ 11.5% w.e.f. 01.04.2021;
- (iii) No further increase in FY 2022-23 and FY 2023-24.

The item-wise tariff card is given below:

**1.1 Export Cargo**

<b>Terminal, Storage &amp; Processing charges</b>					
		<b>Existing Rates valid upto 31.03.2021</b>		<b>Proposed Increased Rates by 11.5% w.e.f. 01.04.2021-31.03.2024</b>	
<b>Sr. No.</b>	<b>Type of Cargo</b>	<b>Rs. Per Kg</b>	<b>Minimum Rate per Consignment</b>	<b>Rs. Per Kg</b>	<b>Minimum Rate per Consignment</b>
1.	General	0.91	160	1.01	178.40
2.	Special & Valuable	1.79	305	2.00	340.08
3.	Perishable	0.91	160	1.01	178.40
<b>Demurrages charges (leviable from shippers)</b>					
<b>Sr. No.</b>	<b>Type of Cargo</b>	<b>Rs. Per Kg</b>	<b>Minimum Rate per Consignment</b>	<b>Rs. Per Kg</b>	<b>Minimum Rate per Consignment</b>
1.	General	0.93	160	1.04	178.40
2.	Special & Valuable	1.86	305	2.07	340.08
3.	Perishable	0.93	160	1.04	178.40

**NOTES: [Export Cargo]**

- a) The free period for export cargo shall be one working day (24 hours) for examination/processing by the Shippers.
- b) 10% discount in the Terminal, Storage and Processing charges will be granted to Exporters, who opt for engaging their own manpower for offloading cargo from their vehicles at Truck Dock and shifting to Custom Examination Area.
- c) Consignments of human remains coffin including unaccompanied baggage of deceased and human eyes will be exempted from the purview of Terminal, Storage and Processing charges & Demurrage charges.
- d) Terminal, Storage and processing charges are inclusive of Forklift charges wherever Forklift usage is involved. No separate Forklift charges will be levied.
- e) Special cargo consists of live animals, hazardous goods and valuable cargo.

- f) Charges will be levied on the 'gross weight' or the 'chargeable weight' of the consignment, whichever is higher. Wherever the 'gross weight' and (or) 'volume weight' is wrongly indicated on the Airway Bill and is found more, charges will be levied on the 'actual gross weight' or 'actual volumetric weight', whichever is higher.
- g) For mis-declaration of weight above 2% and up to 5% of declared weight, penal charges @ double the applicable Terminal, Storage and Processing charges and for variation above 5%, the penal charges @ 5 times the applicable Terminal, Storage and Processing charges will be leviable on the differential weight, subject to minimum amount equivalent to the applicable minimum Terminal, Storage and Processing charges. No penal charges will be leviable for variation up to and inclusive of 2%. This will not apply to valuable cargo.
- h) All Bills shall be rounded off to the nearest of Rs.5/=. As per IATA Tact Rule Book Clause 5.7.2, the rounding off procedure, when the rounding off Unit is 5.

<u>When the results of calculations are between / and</u>	<u>Rounded off amount will be</u>
102.5 - 107.4	105
107.5 - 112.4	110

- i) All the above charges are excluding GST, which will be levied at applicable rates announced by GoI from time to time.

## 1.2 Import Cargo

### a. Terminal, storage and processing charges:

Sr. No.	Type of Cargo	Existing Rates valid upto 31.03.2021		Proposed Increased Rates by 11.5% w.e.f. 01.04.2021-31.03.2024	
		Rs. Per Kg	Minimum Rate per Consignment	Rs. Per Kg	Minimum Rate per Consignment
1.	General	6.1	170	6.80	189.55
2.	Special & Valuable	12.1	330	13.49	367.95

### b. Demurrage Charges: -

Free storage period for import cargo shall be 72 hrs. (03 working days) from the date and time of segregation reflected in the ICEGATE. For the next 48 hrs. (02 working days), demurrage will be charged at “per kg. per day” non-cumulative basis, provided the consignment is cleared within 120 hrs. (05 working days), from the date and time of segregation reflected in the ICEGATE. If clearance is affected after 120 hrs. (05 working days), demurrage will accrue for the entire period from the date/time of segregation reflected in the ICEGATE as follows:

Sr. No.	Type of Cargo	Period	Existing Rates valid upto 31.03.2021		Proposed Increased Rates by 11.5% w.e.f. 01.04.2021-31.03.2024	
			Rs. Per Kg	Minimum Rate per Consignment (Rs./P)	Rs. Per Kg	Minimum Rate per Consignment (Rs./P)
1.	General	Up to 120 hrs. (5 working days) including free period	1.8	400	2.01	446
		Between 120 hrs. and 720 hrs. (6 and 30 days)	3.47		3.87	
		Beyond 720 hrs. (beyond 30 days)	5.25		5.85	
2.	Special	Up to 120 hrs. (5 working days) including free period	3.47	775	3.87	864.13
		Between 120hrs. and 720 hrs. (6 and 30 days)	6.93		7.73	
		Beyond 720 hrs. (beyond 30 days)	10.45		11.65	
3.	Valuable	Up to 120 hrs. (5 working days) including free period	6.93	1560	7.73	1739.4
		Between 120 hrs. and 720 hrs. (6 and 30 days)	13.97		15.58	
		Beyond 720 hrs. (beyond 30 days)	20.9		23.30	

**NOTES: [Import Cargo]**

- a) Consignments of human remains, coffin including baggage of deceased & human eyes will be exempted from the purview of Terminal, Storage and Processing charges & Demurrage charges.
- b) No separate Forklift charges will be levied.
- c) Charges will be levied on the 'gross weight' or the 'chargeable weight' of the consignment whichever is higher. Wherever the 'gross weight' and (or) volume weight is wrongly indicated on the Airway Bill and is actually found more, charges will be levied on the 'actual gross weight' or 'actual volumetric weight' or 'chargeable weight' whichever is higher.
- d) Special Import Cargo consists of cargo stored in cold storage, live animals and hazardous goods.
- e) Valuable cargo consists of gold, bullion, currency notes, securities, shares, share coupons, travelers' cheques, diamonds (including diamonds for industrial use), diamond jewelry, jewelry & watches made of silver, gold platinum and items valued at USD 1000 per Kg. & above.
- f) All Bills shall be rounded off to the nearest of Rs.5/=. As per IATA Tact Rule Book Clause 5.7.2, the rounding off procedure, when the rounding off Unit is 5.

<u>When the results of calculations are between / and</u>	<u>Rounded off amount will be</u>
102.5 - 107.4	105
107.5 - 112.4	110

- g) All the above charges are excluding GST, which will be levied at applicable rates announced by GoI from time to time.

**1.3 Schedule of Charges/ Discounts/ Incentives leviable/ payable on/ to Airlines for various Cargo Handling Services rendered by AAICLAS at the Cargo Terminal:**

		Existing Rates valid upto 31.03.2021	Proposed Increased Rates by 11.5% w.e.f. 01.04.2021-31.03.2024
Sr. No.	Particulars of Services	Charges	Charges
1	Storage charges for General export uplifted beyond free period	2.20/Kg./day	2.45/Kg./day
2	Storages charges for valuable Export Cargo Perishable/ Live Animals and Hazardous Cargo uplifted beyond free period shall be two times of normal	4.40/Kg./day	4.90/Kg./day
3	Storage charges for import Cargo not handed over and remain unchecked after a period of 24hrs from time per day of arrival of an aircraft;		
	i. General Bulk Cargo	Rs. 2.20 (Kg/day)	Rs. 2.45 (Kg/day)
	ii. Loaded ULD	Rs. 885 (ULD/day)	Rs. 987 (ULD/day)
4	Storage charges for 'Valuable'/ Hazardous/ Perishable/Live Animal import cargo		
	i. Valuable	Rs. 5.60 (Kg/day)	Rs. 6.24 (Kg/day)
	ii. Haz./Perishable/Live Animals	Rs. 3.70 (Kg/day)	Rs. 4.13 (Kg/day)
	iii. Minimum per consignment / AWB	Rs. 310.00	Rs. 346.00

**NOTES:**

- Demurrage charges on Import Transshipment cargo will be as applicable to Import cargo except that no handling charges shall be levied on the airlines handled by AAICLAS where the TP cargo handed over to the airlines on airside designated area on the airport.
- Demurrage charges on transshipment cargo from Domestic to International and from International to International shall be treated as same as applicable for export cargo, after allowing the normal free period. Export TSP/ handling charges and Sector AWB Charges are leviable as per tariff on International to International Transshipment Cargo.
- The free period for export cargo for the carrier from the time of entry in bonded area till upliftment shall be 36 hrs. as per Government Directives as of now.
- All Bills preferred by the Handling Company shall be rounded off to the nearest Rupee.
- No free period may be allowed on second time handling/upliftment of export cargo from cargo terminal. Applicable charges (Demurrage/Storage) shall be levied.
- In case of Transit ULDs brought by the Airlines handed over to AAICLAS for Storage in the Bonded Area/ETV stacker for any reasons, the storage charges as per para 3.1 & 3.2 above) shall be levied.
- All the above charges are excluding GST, which will be levied at applicable rates announced by GoI from time to time.

## 1.4 Domestic Outbound Cargo Charges leviable on Shippers/ Consignor(s) etc.

Sr. No.	Type of Cargo/ Services	Existing Rates valid upto 31.03.2021		Proposed Increased Rates by 11.5% w.e.f. 01.04.2021-31.03.2024	
		Rs. Per Kg	Minimum Charges	Rs. Per Kg	Minimum Charges
1.	Standard Charges for processing & Handling at Air Cargo Terminal				
	a) General Cargo	0.93	135	1.04	150.53
	b) Special (AVI) #/ PER/ DGR/ VAL	1.86	268	2.07	298.82
2.	Demurrage Charges / Storage (per day)				
	a) General Cargo	0.93	135	1.04	150.53
	b) Special (AVI) #/ PER/ DGR/ VAL	1.86	268	2.07	298.82
3.	Amendment of Airway Bill	Rs. 120.00 per AWB		Rs. 133.8 per AWB	
4.	Return Cargo Charges	Rs. 120.00 per AWB		Rs. 133.8 per AWB	
5.	Strapping Charges	Rs.13/- per Bag		Rs.14.50/- per Bag	

### Notes:

- h) The free period for outbound domestic cargo shall be one working day for examination/processing by the shipper/consignor/authorized representative etc.
- i) 10% discount in the domestic cargo handling charges will be granted to the shippers/consignors who opt for engaging their own manpower for offloading cargo from their vehicles at Truck Dock and shifting to the examination/storage area before handing over to the airlines concerned.
- j) Consignment of human remains, coffin including unaccompanied baggage of deceased and human eyes will be exempted from the preview of domestic cargo handling & demurrage charges.
- k) The domestic cargo handling charges are inclusive of forklift charges wherever forklift usage is involved. No separate forklift charges will be levied.
- l) #As per IATA definition, Special cargo consists of cold storage, live animals, hazardous goods & valuable cargo.
- m) Charges will be levied on the 'gross weight' or the chargeable weight' of the consignment, whichever is higher. Wherever the 'gross weight' and (or) 'volume weight' is wrongly indicated on the Airway Bill and is found more, charges will be levied on the 'actual gross weight' or 'actual volumetric weight', whichever is higher.
- n) For mis-declaration of weight above 2% and up to 5% of declared weight, penal charges @ double the applicable domestic cargo handling charges and for variation above 5%, the penal charges % 5 times the applicable domestic cargo handling charges will be leviable on the differential weight, subject to minimum amount equivalent to the applicable minimum domestic cargo handling Charges. No penal charges will be leviable for variation up to and inclusive of 2%. No weight deviation permissible in VAL cargo.
- o) All Bills shall be rounded off to the nearest of Rs.5/=. As per IATA Tact Rule Book Clause 5.7.2, the rounding off procedure, when the rounding off Unit is 5.

<u>When the results of calculations are between / and</u>	<u>Rounded off amount will be</u>
102.5 - 107.4	105
107.5 - 112.4	110

- p) All the above charges are excluding GST, which will be levied at applicable rates announced by GoI from time to time.



## 1.5 Domestic Inbound Cargo Charges leviable on Consignee(s) etc.

Sr. No.	Type of Cargo/ Services	Existing Rates valid upto 31.03.2021		Proposed Increased Rates by 11.5% w.e.f. 01.04.2021-31.03.2024	
		Rs. Per Kg	Minimum Charges	Rs. Per Kg	Minimum Charges
1.	Standard Charges for processing & Handling (TSP charges inclusive of off-loading/loading/shifting and fork lift usage)				
	a) General Cargo	0.93	135	1.04	151
	b) Special (AVI) # / PER/ VAL/DGR	1.86	268	2.07	299
2.	Demurrage Charges / Storage (per day)				
	a) General Cargo	0.93	135	1.04	151
	b) Special (AVI) # / PER/ DGR/ VAL	1.86	268	2.07	299

### Note:

- The free period for inbound domestic cargo shall be one working day for processing/delivery by the consignee/authorized representative etc.
- 10% discount in the domestic cargo handling charges will be granted to the consignee/authorized representative who opts for engaging their own manpower for loading cargo into their vehicles for delivery at designated areas from the airlines concerned, wherever it is applicable.
- Consignment of human remains, coffin including unaccompanied baggage of deceased and human eyes will be exempted from the purview of domestic cargo handling & demurrage charges.
- The domestic cargo handling charges are inclusive of forklift charges wherever forklift usage is involved. No separate forklift charges will be levied.
- Charges will be levied on the 'gross weight' or the chargeable weight' of the consignment, whichever is higher. Wherever the 'gross weight' and (or) 'volume weight' is wrongly indicated on the Airway Bill and is found more, charges will be levied on the 'actual gross weight' or 'actual volumetric weight', whichever is higher.
- #As per IATA definition, Special cargo consists of cargo stored in cold storage, live animals, valuable & hazardous goods.
- \*Valuable cargo consists of gold, bullion, currency notes, securities, shares, share coupons, travelers' cheques, diamonds (including diamonds for industrial use), diamond jewelry, jewelry & watches made of silver, gold platinum & items valued at US\$ 1000 and above.
- All Bills shall be rounded off to the nearest of Rs.5/=. As per IATA Tact Rule Book Clause 5.7.2, the rounding off procedure, when the rounding off Unit is 5.

When the results of calculations                      Rounded off amount will be  
are between / and

102.5 - 107.4	105
107.5 - 112.4	110

- All the above charges are excluding GST, which will be levied at applicable rates announced by GoI from time to time.

## 1.6 Schedule of Charges leviable on Non-Scheduled Operators

		Existing Rates valid upto 31.03.2021	Proposed Increased Rates by 11.5% w.e.f. 01.04.2021-31.03.2024
Sr. No.	Particulars of Services	Charges	Charges
1.	Storage charges for export cargo uplifted beyond free period	3.68 / Kg. / day	4.10 / Kg. / day
2.	Storage charges for export valuable perishable cargo, live animals and hazardous cargo uplifted beyond free period	7.35/ Kg. / day	8.19/ Kg. / day
3.	Storage charges for import general cargo unchecked after a free period of 24hrs from the time of arrival of an aircraft per kg/Day;		
	i. General Bulk Cargo	Rs. 3.65 Kg. / day	Rs. 4.07 Kg. / day
	ii. Loaded ULD	Rs. 1455/ULD/day	Rs. 1622/ULD/day
4.	Storage charges for special import cargo unchecked after a free period of 24hrs from the time of arrival of an aircraft per kg/Day;		
	i. Valuable	Rs. 9.19/ Kg. / day	Rs. 10.25/ Kg. / day
	ii. Haz./PER/Live Animal	Rs. 6.07/ Kg. / day	Rs. 6.77/ Kg. / day
	iii. Minimum charges per consignment (AWB)	Rs. 505	Rs. 563

### Note:

- Demurrage charges on Import Transshipment cargo will be as applicable to Import cargo except that no handling charges shall be charged.
- Demurrage charges on transshipment cargo from domestic to international and from international to international shall be treated as same as applicable for export cargo, after allowing the prescribed free period.
- The free period for export cargo for the NSOs in the bonded area, would be same as applicable for scheduled carrier as per the government regulations issued from time to time, from the time of physical acceptance at bonded area.
- All bills preferred by the handling company i.e. AAICLAS shall be rounded off to the nearest higher of Rupee 5/-.
- All charges by NSOs shall be on cash and carry basis.
- No free period may be allowed on second time handling / upliftment of export cargo from cargo terminal. Applicable charges (storage) shall be levied.
- In case of transit ULDs brought by the Airlines handed over to AAICLAS for storage in the bonded area / ETV stacker for any reasons, the storage charges as per para -3 shall be levied.
- All the above charges are excluding GST, which will be levied at applicable rates announced by GoI from time to time.

## 1.7 Courier Cargo Tariff / Rates

		Existing Rates valid upto 31.03.2021		Proposed Increased Rates by 11.5% w.e.f. 01.04.2021-31.03.2024	
Sl. No.		Rate per Kg.	Min. Amount	Rate per Kg.	Min. Amount
<b>Inbound (Import)</b>					
1	Courier Cargo Facilitation	Rs. 10/-	Rs. 150/- per bag	Rs. 11/-	Rs. 167/- per bag
2	X-Ray Charges	Rs. 0.75 (if applicable)	Rs. 100/- per bag	Rs. 0.83 (if applicable)	Rs. 112/- per bag
<b>Outbound (Export)</b>					
1	Courier Cargo Facilitation	Rs. 10/-	Rs. 150/- per bag	Rs. 11/-	Rs. 167/- per bag
2	X-Ray Charges	Rs. 0.75 (if applicable)	Rs. 150/- per bag	Rs. 0.83 (if applicable)	Rs. 112/- per bag

1. The free period admissible for inbound/ outbound courier cargo is three(3) days. Thereafter, the Demurrage charges are leviable as per following slabs:

4th day to 10th day	Rs. 2.00 per kg/day
11th day to 20th day	Rs. 3.00 per kg/day
21st day to 30th day	Rs. 4.50 per kg/day
beyond 30 days	Rs. 6.00 per kg/day

2. Minimum Demurrage Charges:

Export (Outbound)	Rs. 150/- per consignment
Import (Inbound)	Rs. 350/- per consignment

3. The delivery of the courier bags would be given during the working hours after the due approval of the custom authorities against AAI gates pass on collection of applicable charges

4. All the above charges are excluding GST, which will be levied at applicable rates announced by GoI from time to time.

AAI CARGO LOGISTICS & ALLIED SERVICES COMPANY LI

(An AAI Subsidiary)

658

CIN: U74990DL2015GO13043

Date: 20.11.2019

To

The Chairperson,  
Airports Economic Regulatory Authority of India  
AERA Building  
Safdarjung Building  
New Delhi

Handwritten notes and stamps including '14488' and '22/11/19'.

Dear Sir,

Subject: Submission of Multi Year Tariff Proposal (MYTP) for Cargo facilities offered by AAICLAS at Kolkata Airport

Reference is invited to our letter No. AAICLAS/AERA/2019-20/01 dated 30-Aug-19 on the aforementioned subject.

We request the Authority to review our submissions and approve the tariff, considering the justifications elaborated in the enclosed proposal.

We remain at your disposal, to clarify any queries on the same.

Thank you,

For AAI Cargo Logistics and Allied Services Company Limited

Keku Bomi Gazder  
Chief Executive Officer

Encl: MYTP Kolkata proposal

121/AERA (16)  
16.11.19

Handwritten notes and signatures in the bottom left corner.

Handwritten signature and date '20.11.2019'.



# **AAI Cargo Logistics and Allied Services Company Limited**

**Submission to Airports Economic Regulatory Authority of  
India (AERA) for Determination of Tariff for Cargo  
Services for Kolkata Airport for the First Control Period –  
FY 2017-18 to FY 2023-24**

**Date of Submission: 20th November 2019**

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# 1. Overview of AAI Cargo Logistics and Allied Services Company Limited (AAICLAS)

1.1.1 AAI Cargo Logistics and Allied Services Company Limited (hereinafter referred to as “AAICLAS” or “the Company”) is company setup exclusively to focus on the growth in aviation cargo business in India. AAICLAS is a 100% subsidiary promoted by Airport Authority of India (AAI).

1.1.2 AAI demerged and corporatized the cargo department into a functionally and administratively independent organization. This was done in the background of current economic boom, the importance of air cargo and its impact on the overall economy of India. With a vision to become the foremost integrated logistics network in India, AAICLAS was incorporated on 11th August 2016.

1.1.3 AAICLAS will work as multi modal interface linking air, surface & water transport, thus, becoming the largest networked and fastest logistic solution provider company of India. AAICLAS will promote, represent, organize, undertake, establish, conduct, handle, arrange, own, operate, participate, facilitate, sponsor, encourage, and provide the business as Cargo Terminal Operator, Free Trade Zone, Air Freight Station and Inland container depot for cargo and passengers.

1.1.4 Currently, AAICLAS operates in the following Major airports as notified by AERA.

- |                |                    |
|----------------|--------------------|
| 1. Ahmedabad*  | 11. Kolkata        |
| 2. Amritsar    | 12. Lucknow        |
| 3. Bhubaneswar | 13. Mangalore      |
| 4. Calicut*    | 14. Patna          |
| 5. Chennai     | 15. Pune           |
| 6. Coimbatore  | 16. Srinagar       |
| 7. Goa         | 17. Trivandrum     |
| 8. Guwahati    | 18. Varanasi       |
| 9. Indore      | 19. Visakhapatnam* |
| 10. Jaipur     |                    |

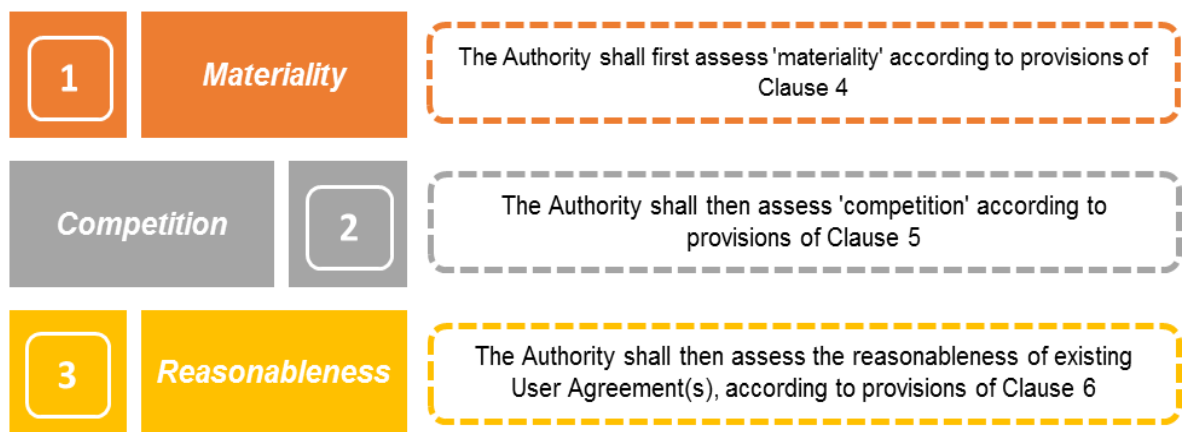
\* Operated under outsourced model

## 2. MYTP submission for First Control Period

- 2.1.1 AAICLAS hereby re-submits the proposal for determination of tariff for cargo and allied services offered at Kolkata airport on a standalone basis, considering updated estimates of various costs and capital expenditure.
- 2.1.2 AAICLAS hereby resubmits the Business Plan for Kolkata airport together with the relevant forms as prescribed by AERA.
- 2.1.3 AAICLAS submits that the tariff determination for Kolkata airport may be done under “Price cap” approach as detailed below.

## 3. Analysis of Cargo Guidelines issued by the Authority

- 3.1.1 Adherence to the guidelines issued by the Authority in this regard - Airports Economic Regulatory Authority of India (Terms and Conditions for Determination of Tariff for Services Provided for Cargo Facility, Ground Handling and Supply of Fuel to the Aircraft) Guidelines, 2011 (hereinafter referred to as “guidelines”) – dated 10th January 2011 has to be ensured in the course of assessment of the approach to be followed for determination of tariff for cargo operations.
- 3.1.2 The “guidelines” has prescribed the following three stage procedure for determining the approach for determination of tariff:





3.1.3 Based on the results of the Authority's review at stage 1, stage 2 and stage 3, the approach for determination of Cargo operations would be as follows:

*Table 1 - Determination of Cargo operations*

Stage	Conditions	Case 1	Case 2	Case 3	Case 4
1	Is the volume of cargo handled considered "material"?	×	✓	✓	✓
2	Is the cargo service considered competitive?	∅	✓	×	×
3	Are the terms in the existing user agreement for cargo services considered reasonable?	∅	∅	✓	×
<b>Final Result</b>		<b>Light Touch Approach</b>	<b>Light Touch Approach</b>	<b>Light Touch Approach</b>	<b>Price Cap Approach</b>
<b>Applicable Chapter of the Guidelines</b>		<b>Chapter V</b>	<b>Chapter V</b>	<b>Chapter V</b>	<b>Chapter III &amp; IV</b>

**Key:**

<b>Legends</b>	✓	×	∅
<b>Meaning</b>	Yes	No	Not Applicable

## 3.2 Stage 1: Materiality Assessment

3.2.1 Extract of the Guidelines:

3.2.2 The materiality index for service provided for cargo facility at a major airport "A" is defined as:

$$\text{Materiality Index } (MI_c) = \frac{\text{Cargo Volume at Major Airport A}}{\text{Total Cargo Volume at all Major Airports}} \times 100$$

- Where '**Cargo Volume**' represents the total cargo volume in MT per annum handled at major airport A.
- Where '**Total Cargo Volume**' at Major Airports' represents the sum total cargo volume in MT per annum, handled at all major airports.

3.2.3 Where the  $MI_c$ , as calculated above is 2.5% or more at a major airport, the service provided for cargo facility at major airport A shall be deemed 'material'.

3.2.4 If  $MI_c$  is below 2.5%, then service provided for cargo facility at major airport A shall be deemed 'not material'.

3.2.5 Testing the applicability of guidelines to AAICLAS:

3.2.5.1 The period considered for evaluating applicability of the guidelines to AAICLAS is Apr-18 to Mar-19.

3.2.5.2 Source of the data relating to Cargo: <https://www.aai.aero/en/business-opportunities/aai-traffic-news>

3.2.5.3 To determine the materiality index of Kolkata airport, % of cargo handled by Kolkata in comparison to volume of cargo handled in all the notified major airports is calculated.

3.2.5.4 Calculation of materiality index is as follows:

Table 2- Computation of Materiality Index

Sr. No.	Major Airport	AAICLAS or Non-AAICLAS	Total Freight in MT for 18-19	Materiality %	Materiality
1	Chennai	AAICLAS	4,11,613	12%	Material
2	Ahmedabad	AAICLAS	1,01,731	3%	Material
3	Amritsar	AAICLAS	1,378	0%	Not Material
4	Bengaluru	Non AAICLAS	3,86,849	11%	Material
5	Bhubaneswar	AAICLAS	9,670	0%	Not Material
6	Calicut	AAICLAS	17,283	0%	Not Material
7	Chandigarh	Non AAICLAS	5,051	0%	Not Material
8	Cochin	Non AAICLAS	70,199	2%	Not Material
9	Coimbatore	AAICLAS	12,865	0%	Not Material
10	Delhi	Non AAICLAS	10,42,948	30%	Material
11	Goa	AAICLAS	4,536	0%	Not Material
12	Guwahati	AAICLAS	23,840	1%	Not Material
13	Hyderabad	Non AAICLAS	1,44,126	4%	Material
14	Indore	AAICLAS	11,729	0%	Not Material
15	Jaipur	AAICLAS	18,513	1%	Not Material
16	Kannur	Non AAICLAS	0	0%	Not Material
17	Kolkata	AAICLAS	1,55,232	4%	Material
18	Lucknow	AAICLAS	6,111	0%	Not Material
19	Mangalore	AAICLAS	3,287	0%	Not Material
20	Mumbai	Non AAICLAS	9,63,460	28%	Material
21	Nagpur	Non AAICLAS	9,416	0%	Not Material
22	Patna	AAICLAS	11,435	0%	Not Material
23	Pune	AAICLAS	47,392	1%	Not Material
24	Srinagar	AAICLAS	7,990	0%	Not Material
25	Thiruvananthapuram	AAICLAS	25,167	1%	Not Material
26	Varanasi	AAICLAS	2,657	0%	Not Material
27	Visakhapatnam	AAICLAS	3,513	0%	Not Material
<b>Total</b>			<b>34,97,991</b>	<b>100%</b>	

### 3.2.6 Conclusion of Materiality Assessment:

3.2.6.1 Materiality Index for Kolkata Airport is above the threshold % of 2.5%. Hence, the cargo operations in Kolkata Airport is considered material.

## 3.3 Stage 2: Competition Assessment

3.3.1 Kolkata Airport is tested for competition assessment (Stage 2).

3.3.2 AAICLAS is the only cargo operator in Kolkata airport and does not have any competitors in this location.

3.3.3 Hence, cargo services offered by AAICLAS in Kolkata airport is considered “Non-Competitive”.

## 3.4 Stage 3: Assessment of Reasonableness of user agreements

3.4.1 User agreements are entered into between AAICLAS and customers such as airlines, etc.

3.4.2 AAICLAS submits that no user agreements have been specifically entered into between AAICLAS and the airlines/other customers. All revenues are billed to customers only on the basis of the prevailing tariff cards. ?

## 3.5 Summary of results of assessment of adherence to “Guidelines”

3.5.1 The results of the assessment of adherence to guidelines is summarized below:

*Table 3 -Results of the assessment*

Airport	Stage 1	Stage 2	Stage 3	Case	Final Approach
Kolkata	✓	✗	✗	Case 4	Price Cap

**Key:**

Legends	✓	✗	⊖
Meaning	Yes	No	Not Applicable

3.5.2 Cargo services in Kolkata rendered by AAICLAS are material, non-competitive and there are no user agreements. Hence, “price cap approach” as per Chapter III & IV may be adopted.

## 4. Price Cap Methodology

4.1.1 Price Cap approach involves submission of projections for each of the building blocks. These projections lead to determining the aggregate revenue requirement (ARR) for the control period.

4.1.2 Para 11.2 of the “Guidelines” stipulate as under:

“Service Provider(s), providing Regulated Service(s) deemed either (i) 'not material'; or (ii) 'material but competitive'; or (iii) 'material and not competitive' but where the Authority is assured of the reasonableness of the existing User Agreement(s), shall submit their Annual Tariff Proposals for approval of the Authority, in the manner and form provided in AI.8.1 of Appendix

1. The said proposals shall be supported by the following:

4.1.2.1 Details of consultation with stakeholders along with:

4.1.2.2 Documented evidence that consultations with stakeholders have been undertaken;

4.1.2.3 Summary of concerns raised by the stakeholders;

4.1.2.4 Details of remedial action, if any, undertaken by the Service Provider, with reasons, in respect of the concerns so raised;

4.1.2.5 Reasons for not addressing the balance concerns.

4.1.2.6 AAICLAS is in the process of carrying out the user consultation and shall submit the necessary documents on completion of the process.

4.1.3 Para 8.1, 8.2 & 8.3 of the “Guidelines” stipulate as under:

*“...The Multi Year Tariff Framework enunciated in these Guidelines comprises a set of principles covering inter alia those which the Authority shall use in analyzing and determining the Regulatory Building Blocks for calculation of Aggregate Revenue Requirement (ARR) where applicable.*

*For Regulated Service(s) deemed 'material and not competitive' and where the Authority is not assured of the reasonableness of the existing User Agreement(s), the Authority shall calculate the Aggregate Revenue Requirement (ARR) for a given Control Period based on determination of the following Regulatory Building Block components:*

(i) *Fair Rate of Return applied to the Regulatory Asset Base (FRoR x RAB)*

(ii) *Operation and Maintenance Expenditure (O)*

(iii) *Depreciation (D)*

(iv) *Taxation (T)*

(v) *Revenues from services other than Regulated Service(s) (NAR)*

*The Aggregate Revenue Requirement for the Control Period (ARR) shall be expressed as under:*

$$ARR = \sum_{t=1}^5 (ARR_t)$$

$$\text{And } ARR_t = (FRoR \times RAB_t) + D_t + O_t + T_t - NAR_t$$

*Where t is the Tariff Year in the Control Period and  $ARR_t$  is the Aggregate Revenue Requirement for year t...*

- 4.1.4 The guidelines have prescribed an asset-based return approach for the purpose of determining the ARR under the price cap approach. However, it may be appreciated that this business is human capital intensive rather than being asset intensive. As a result, following an asset-based approach as stipulated in the direction is proposed to be replaced with a PAT based approach.
- 4.1.5 Under PAT based price cap approach, costs are first projected for the control period. Next, revenues are computed after applying a profit after tax margin on the costs. The revenue so computed is compared with the revenues expected to be earned during the control period based on the expected growth in the traffic. This comparison results in “excess revenues” or “shortfall in revenues” during the control period.
- 4.1.6 For the years in the control period where the actual figures are available, the difference between the revenue to be and the revenue earned is calculated as the net excess or surplus. This amount is added to the revenue requirement of the first year when projections are used.
- 4.1.7 The cumulative excess or shortfall during the control period is computed. The tariff is increased/decreased such that the present value of cumulative excess or shortfall is neutralized.

## 5. Overview of Building Blocks

5.1.1 For the purpose of determining the tariff based on profit after tax approach, the company has projected the figures for the following building blocks. Based on these projections for each individual regulatory block, the excess/shortfall in revenues is computed.

5.1.1.1 Revenue from Operations

5.1.1.2 Operating and Maintenance Expenses

5.1.1.3 Depreciation

5.1.1.4 Taxation

5.1.1.5 Reasonable profit after tax %

5.1.2 Basis of projections for each of the above building blocks is given in the ensuing paragraphs.

## 5.2 Control Period

5.2.1 As per the AERA Act, a period of 5 years constitutes one control period. AAICLAS came into existence in the year 2016-17 and 2 years have already elapsed.

5.2.2 Accordingly, in case of AAICLAS, the company submits that the control period may be considered as 7 years including the previously elapsed 2 years. During the period of 2 years that has elapsed, the same tariff that was fixed at different points in time was in force.

## 5.3 Traffic

5.3.1 Historical tonnage for 10 years handled by the Kolkata Airport is as follows:

*Table 4- Historical tonnage Handled by Kolkata Airport*

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
Qty in MT	110,256	129,957	125,593	122,232	129,782
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Qty in MT	136,699	139,888	152,415	163,323	155,232

Source: <https://www.aai.aero/en/business-opportunities/aai-traffic-news>

5.3.2 The 10-year CAGR of traffic handled by Kolkata airport from FY 2009-10 to FY 2018-19 is around 3.48%. AAICLAS submits that the 10-year CAGR of the volume of traffic handled by Kolkata airport reflects the future volume of business in this airport.

5.3.3 Based on the above metric, the tonnage projected for the balance years in the current control period for Kolkata airport is as follows, considering a growth rate of 3.48%:

*Table 5 - Tonnage projection for Kolkata Airport*

Airports	2019-20	2020-21	2021-22	2022-23	2023-24
Kolkata (in MT)	1,59,152	1,63,170	1,67,290	1,71,514	1,75,845

## 5.4 Operating and Maintenance Expenses

5.4.1 Component wise historical operating and maintenance costs of Kolkata airport for the past 2 years is as follows:

*Table 6 - Component wise historical operating and maintenance costs*

Particulars	UoM	2017-18	2018-19
Employee benefit expenses	Rs. Lacs	1,284.27	1,464.71
Operating Expenses	Rs. Lacs	1,296.94	1,061.71
Administrative and Other Expenses	Rs. Lacs	27.18	53.91
Concession Fees	Rs. Lacs	2,373.63	2,231.10
Chq Expenditure allocated	Rs. Lacs	163.49	262.70
Depreciation	Rs. Lacs	460.18	223.30
<b>Total Operating Expenses</b>	<b>Rs. Lacs</b>	<b>5,605.68</b>	<b>5,297.43</b>

5.4.2 Basis of projecting expenses for the future years in the control period is provided below.

### 5.4.3 Price-Quantum Multiplier:

5.4.3.1 The metric used for forecasting operating and maintenance expenses is a combination of CAGR growth rate to reflect the increase in the quantum of business and CPI index to factor in the inflation. Hence, this metric may be called the “price-quantum multiplier”.

5.4.3.2 Projected CAGR rate is provided in Para 5.3.2 above. The projected CPI index for the first control period is as follows:

*Table 7 - The projected CPI for FCP*

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Inflation rate, average consumer prices (Annual % change) **	3.58%	4.10%	4.08%	4.00%	4.00%

**Source:** - IMF data

5.4.3.3 Following is the price-quantum multiplier for the first control period which is worked out by multiplying the CAGR and inflation rates:

Table 8 -  
Price-  
Quantum  
Multiplier  
Calculati  
on

Particulars	Ref.	2019-20	2020-21	2021-22	2022-23	2023-24
10-year CAGR	A	3.48%	3.48%	3.48%	3.48%	3.48%
Inflation rate, average consumer prices (Annual % change)	B	3.58%	4.10%	4.08%	4.00%	4.00%
Price-Quantum Multiplier	C = A*B	7.18%	7.72%	7.70%	7.62%	7.62%

## 5.5 Employee Benefit Cost:

5.5.1 The projected employee cost based on the price-quantum multiplier plus additional incremental cost is as follows:

Table 9 - Projected employee cost

Particulars	UoM	2019-20	2020-21	2021-22	2022-23	2023-24
Employee benefit expense	Rs. Lacs	1,690.01	1,820.53	1,960.66	2,110.06	2,270.84
% increase	%	15.38%	7.72%	7.70%	7.62%	7.62%

5.5.2 As per the projections above, employee cost for FY 2020 increases by Rs. 225.30 lacs approx. (15.38%). Out of Rs. 225.30 lacs of increase, Rs. 105.16 lacs is on account of the price-quantum multiplier which translates to 7.18% increase in costs. Balance of Rs 120.14 lacs (Rs 225.30 lacs – Rs 105.16 lacs) is a one-time cost that has been considered to maintain the quality of services provided by the cargo station. In order to improve the quality of services, AAICLAS is in the process of filling in the vacant postings with suitable personnel. An e-portal team is also being set up to ensure that the right persons are recruited for the right jobs. Such accurate staffing would ensure that the allocated tasks are carried out in an efficient and effective manner, thereby leading to fewer delays in execution and increase in the quality of services rendered by each individual in the organization. Cost details are summarized below:-

Table 10 - Employee cost

Particulars	UOM	Cost for FY 2019-20
Employees (Including consultants & ETV Staff)	Rs. Lacs	88.94



Contract employee through Government e- Marketplace Portal	Rs. Lacs	31.20
<b>Total Cost</b>	<b>Rs. Lacs</b>	<b>120.14</b>

## 5.6 Operating Expenses:

5.6.1 Projected operating expenses based on the price-quantum multiplier plus additional incremental cost is as follows:

*Table 11 - Projected operating expenses*

Particulars	UoM	2019-20	2020-21	2021-22	2022-23	2023-24
Operating Expenses	Rs. Lacs	1,826.93	1,968.03	2,191.51	2,358.50	2,538.20
% increase	%	72.08%	7.72%	11.36%	7.62%	7.62%

5.6.2 The major costs which are incurred by AAICLAS under the head of operating expenses include repair and maintenance, upkeep expenses and power and fuel. This constitutes about 37% on average of the total operating expenses for FY 2017-18 & 2018-19.

5.6.3 In order to maintain and continuously improve the quality of services rendered by AAICLAS, it is imperative to incur required expenditure for the continuous upkeep of machinery and equipment. Considering the age of the assets, the amount required to be incurred in maintaining assets increases every year. Further, with the addition of new and upgraded assets, fresh Annual Maintenance Contracts have to be entered into for these. All these events lead to additional expenses which is explained below. Hence, the increase in costs in the operating expenses segment is not restricted to the increase as per the price quantum multiplier for the initial period. AAICLAS submits that comparative quotations have been obtained at the time of estimating these expenses.

5.6.4 Details of Additional cost project for FY 2019-20 and next 2 years is as follows: -

*Table 12 - Details of Additional cost project for 2019-20 to 2021-22*

Particulars	UoM	2019-20	2021-22
Incremental - DGR security (Outsource Activity)	Rs. Lacs	185	
Towards maintenance for New Building	Rs. Lacs		40
Towards ICMS AMC	Rs. Lacs		32
CISF Cost*	Rs. Lacs	464	
JP Aviation Project	Rs. Lacs	40	
<b>Total</b>	<b>Rs. Lacs</b>	<b>689</b>	<b>72</b>

\* The expenditure pertaining to CISF personnel deployed at airport for FY-2018-19 were incurred by AAI and it is decided that from FY 2019-20, cost of personnel deployed at Cargo areas will be boned by AAICLAS.

## 5.7 Administrative Expenses:

5.7.1 Projected administrative expenses based on the price-quantum multiplier is as follows:

Table 13 - Projected administrative expenses

Particulars	UoM	2019-20	2020-21	2021-22	2022-23	2023-24
Administrative and Other Expenses	Rs. Lacs	57.78	62.24	67.03	72.14	77.63
% increase	%	7.18%	7.72%	7.70%	7.62%	7.62%

5.7.2 Administrative and other expenses are incurred to meet day to day running and administrative of the cargo facility at Kolkata Airport.

## 5.8 Concession Fees:

5.8.1 As per term sheet between AAI and AAICLAS, 30% of the revenues from AAICLAS must be paid to AAI in consideration for right to operate cargo business in AAI Airports across India.

5.8.2 As per the royalty capping order of AERA – Order No. 01/2018-19, this expense is a pass through for the purpose of determination of tariff to the extent of 30% of revenues.

5.8.3 Based on the forecast revenues as mentioned in Para 5.11.2 below, the concession fees is calculated at 30% of the revenues, which works out as follows:

Table 14 - Projected concession fees

Particulars	UoM	2019-20	2020-21	2021-22	2022-23	2023-24
Income from Cargo Operations	Rs. Lacs	8,153.18	9,379.65	9,997.28	10,655.58	11,357.22
Concession Fee	Rs. Lacs	2,445.95	2,813.90	2,999.18	3,196.67	3,407.17
<b>Ratio</b>	<b>%</b>	<b>30%</b>	<b>30%</b>	<b>30%</b>	<b>30%</b>	<b>30%</b>

## 5.9 Allocation of Central Headquarters (CHQ) expenses:

5.9.1 There are identified common expenses which are incurred by the central head-quarters. This is incurred for the company as a whole. These expenses are allocated to each airport on the basis of the revenues generated from each of these airports. Total estimated cost and share of cost towards Kolkata Airport is summarized as follows:

Table 15 - Allocation of Expenses of Central Headquarters

Particulars	UoM	2019-20	2020-21	2021-22	2022-23	2023-24
Total Chq Expenditure	Rs. Lacs	1,220.97	2,069.86	2,229.18	2,399.04	2,581.83
Additional Chq Cost	Rs. Lacs	700.50				
<b>Total Cost</b>	<b>Rs. Lacs</b>	<b>1,921.47</b>	<b>2,069.86</b>	<b>2,229.18</b>	<b>2,399.04</b>	<b>2,581.83</b>
Share of Expenditure to	%	23.06%	23.06%	23.06%	23.06%	23.06%

Particulars	UoM	2019-20	2020-21	2021-22	2022-23	2023-24
Kolkata basis of the revenues						
<b>Chq Expenditure towards Kolkata Airport</b>	<b>Rs. Lacs</b>	<b>443.10</b>	<b>477.32</b>	<b>514.07</b>	<b>553.23</b>	<b>595.39</b>

5.9.2 Details of additional of additional cost proposed at Chq are detailed as follows: -

Particulars	UoM	2019-20
<b>Additional Chq Cost</b>		
Employee Cost - New Vacancy and impact of salary increase	Rs. Lacs	218.50
Administrative Cost-Maintenance	Rs. Lacs	30.00
Administrative Cost-Electricity	Rs. Lacs	40.00
Administrative Cost-Printing & Advertisement	Rs. Lacs	20.00
Administrative Cost-security	Rs. Lacs	12.00
Administrative Cost-Telephone & expenses & other misc.	Rs. Lacs	20.00
OPEX- Misc. Exp	Rs. Lacs	10.00
OPEX-Sap & Infra- development	Rs. Lacs	150.00
OPEX-Server / Lease Line - Hire charges	Rs. Lacs	50.00
OPEX-ICMS and MPLS connectivity	Rs. Lacs	150.00
<b>Total</b>	<b>Rs. Lacs</b>	<b>700.50</b>

5.9.3 CHQ expenditure of Rs.700.50 lacs have been proposed to be incurred for FY – 2019-20 out of which Rs. 218.50 lacs is planned to be incurred to fill existing vacancy and new post that are created during the CY. Cost towards electricity, telephone exp, etc., were paid by AAI considering non segregation of meters and lease line, etc., AAICLAS plans cost directly hence additional cost towards administrative expenditure has been proposed. AAICLAS also proposes to implement other modules in SAP to integrate the ERP for better use and effective control.

## 5.10 Depreciation

5.10.1 During the demerger of the cargo business from Airports Authority of India (AAI), assets of Rs. 1,624.05 lacs of Net block were transferred towards Kolkata airport.

5.10.2 The company has projected the following additions to fixed asset for the period 2019-20 to 2023-24 for Kolkata Airport:

Table 16 - Projections in Additions to Fixed Assets

Rs. in lacs

Assets	2019-20	2020-21	2021-22	2022-23	2023-24	Total
Building	1,303.01	4,547.20	7,000.00	1,500.00	800.00	15,150.21
Plant and Machinery	472.71	300.00	150.00	500.00	300.00	1,722.71
Furniture and Fixtures	20.00	30.00	25.00	35.00	20.00	130.00
Office Equipment	3.63	15.00	30.00	30.00	20.00	98.63
Computers	48.18	155.62	25.00	25.00	25.00	278.79

Assets	2019-20	2020-21	2021-22	2022-23	2023-24	Total
Electrical Installation	171.09	1,200.00	800.00	100.00	60.00	2,331.09
Software's	3.17	653.08	100.00	50.00	50.00	856.25
<b>Total</b>	<b>2,021.79</b>	<b>6,900.90</b>	<b>8,130.00</b>	<b>2,240.00</b>	<b>1,275.00</b>	<b>20,567.68</b>

5.10.3 AAICLAS submits that in order to manage the projected growth in the demand for cargo services, the investment in capex is required to be done in order to enhance capacity.

5.10.4 Major capex planned for Kolkata airport is listed below:-

Description of asset planned	Estimated Date of Completion	2020-21	2021-22	2022-23	2023-24	Total
Domestic Cargo Terminal - Planning	30-Sep-21	-	7,000.00	-	-	7,000
Proposed Warehouse in car park area in front of International Cargo Terminal	30-Sep-20	3,000	-	-	-	3,000
Underground reservoir and boring of submersible	2022-23	-	-	1,500.00	-	1,500
Pack house for Agricultural products (Planning)	30-Sep-20	1,100	-	-	-	1,100
New Domestic Cargo Terminal Building	2021-22	-	800.00	-	-	800
New Road and development existing Road	2023-24	-	-	-	800.00	800
New ICMS 2.0 application	30-Sep-20	653	-	-	-	653
Electrification of Warehouse	2020-21	500	-	-	-	500
Separate Electrification of NICT building including metering	2020-21	500	-	-	-	500
<b>Total</b>		<b>5,753</b>	<b>7,800</b>	<b>1,500</b>	<b>800</b>	<b>15,853</b>

5.10.5 Useful lives which have been used by the company for computing depreciation on the opening RAB and the additions thereafter is as follows:

Table 17 - Useful lives of the assets

Category of Assets	No. of Years	Salvage Value	Rate of Depreciation
Building	30	5.00%	3.17%
Plant and Machinery	15	5.00%	6.33%
Furniture and Fixtures	10	5.00%	9.50%
Office Equipment	5	5.00%	19.00%
Road	5	5.00%	19.00%
Computers	3	5.00%	31.67%
Electrical Installation	5	5.00%	19.00%
Software	3	0.00%	33.33%

5.10.6 The above useful lives considered in the projections are in line with the ones adopted by the company in its financial statements.

5.10.7 Based on the RAB and application of useful lives, depreciation projection for the control period for the Kolkata Airport is as under:

*Table 18 - Depreciation projection for the control period*

Particulars	UoM	2019-20	2020-21	2021-22	2022-23	2023-24
Building	Rs. Lacs	77.00	221.00	442.67	490.17	515.50
Plant and Machinery	Rs. Lacs	82.16	101.16	110.66	142.32	161.32
Furniture & Fixtures	Rs. Lacs	3.20	6.05	8.42	11.75	13.65
Office Equipment	Rs. Lacs	7.80	10.65	16.35	22.05	25.85
Road	Rs. Lacs	1.24	0.00	0.00	0.00	0.00
Computers	Rs. Lacs	20.45	69.73	77.65	79.17	25.00
Electrical Installation	Rs. Lacs	33.76	261.76	413.76	432.76	444.16
Software	Rs. Lacs	1.06	218.75	252.08	268.75	82.28
<b>Total</b>	<b>Rs. Lacs</b>	<b>226.66</b>	<b>889.09</b>	<b>1,321.58</b>	<b>1,446.97</b>	<b>1,267.75</b>

## 5.11 Revenue from Operations

5.11.1 Revenue from operations for the past 2 years at Kolkata airport is as follows:

*Table 19 - Revenue from operations for the period 2017-18 and 2018-19*

Particulars	UoM	2017-18	2018-19
Revenue	Rs. Lacs	8,013.02	7,457.57
Other Misc. Income	Rs. Lacs	78.42	421.40
<b>Total</b>		<b>8,091.43</b>	<b>7,878.97</b>

5.11.2 Forecasted revenues for Kolkata cargo operations for the first control period based on the traffic projections without considering increase in rates, is as follows:

*Table 20 - Forecast revenues for Kolkata cargo operations for the first control period*

Particulars	UoM	2019-20	2020-21	2021-22	2022-23	2023-24
Revenue including other income	Rs. Lacs	8,353.36	9,903.34	11,825.97	12,682.03	13,320.71

## 5.12 Taxation

5.12.1 Tax has been considered at the rate of 25.17% on the projected profits of Kolkata airports for the first control period. Projected Tax Expenditure (at revised revenues as detailed in Para 5.4.2 is as follows:

*Table 21 - Projected Tax Expenditure*

Particulars	UoM	2019-20	2020-21	2021-22	2022-23	2023-24
-------------	-----	---------	---------	---------	---------	---------

<b>Particulars</b>	<b>UoM</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
Tax Exp	Rs. Lacs	368.14	1,647.30	1,631.42	1,716.86	1,885.73

### 5.13 Determining Reasonable Profit after Tax % for Kolkata Airport

5.13.1 Profitability of the Top 6 airports with cargo volumes were compared to determine a reasonable profit after tax.

5.13.2 Peers were chosen considering the following criteria:

5.13.2.1 Volume of Cargo Handled

5.13.2.2 Size of operations

5.13.2.3 Availability of reliable information.

5.13.3 Based on these criteria, following two airports were fair competitors to AAICLAS, Kolkata:

5.13.3.1 Bangalore

5.13.3.2 Hyderabad

5.13.4 Comparison of profitability is provided below:

Table 22 - Profit Comparison

Rs. In lacs

Particulars	Kolkata FY 2017-18	Kolkata FY 2018-19	Bangalore FY 2017-18	Hyderabad FY 2015-16
Regulated Revenue	8,013.02	7,457.57	11,601.57	8,381.00
Other Miscellaneous Income	78.42	421.40	1,471.39	338.00
<b>Total Revenue</b>	<b>8,091.43</b>	<b>7,878.97</b>	<b>13,072.96</b>	<b>8,719.00</b>
Employee benefit expense	1,284.27	1,464.71	-	1,042.00
Operating Expenses	1,296.94	1,061.71	7,479.97	4,362.00
Administrative and Other Expenses	27.18	53.91	-	16.00
Concession Fee	2,373.63	2,231.10	-	-
Chq Expenditure allocated	163.49	262.70	-	-
Depreciation	460.18	223.30	782.76	200.00
<b>Total Expenditure</b>	<b>5,605.68</b>	<b>5,297.43</b>	<b>8,262.73</b>	<b>5,620.00</b>
<b>Profit Before Tax</b>	<b>2,485.75</b>	<b>2,581.54</b>	<b>4,810.23</b>	<b>3,099.00</b>
Corporate Tax	860.27	902.09	1,030.49	669.00
<b>Profit After Tax</b>	<b>1,625.48</b>	<b>1,679.45</b>	<b>3,779.74</b>	<b>2,430.00</b>
<b>Profit After Tax %</b>	<b>20.09%</b>	<b>21.32%</b>	<b>29%</b>	<b>28%</b>

Source –

1. Menzies aviation bobba Bangalore Pvt ltd: <http://aera.gov.in/upload/cp/5c4ab73156f7ccp281819251819.pdf>
2. Menzies Air Cargo Pvt. Ltd. Hyderabad: <http://aera.gov.in/upload/cp/5996de9d93e57HMACPLCPFinal201718.pdf>

5.13.5 Considering the profitability of the peers, PAT of 25% on Revenues is considered reasonable for Kolkata airport.

## 5.14 Profit & Loss Account and Proposal for Tariff Increase

5.14.1 Based on the projections as mentioned above, summary of cost projected for the first control period for Kolkata Airport is as follows:

Table 23 - Summary of cost projected for the first control period

(Amount in Rs. Lacs)

Particulars	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
	Actuals	Actuals	Projections	Projections	Projections	Projections	Projections
<b>Expenditure</b>							
Employee benefit expense	1,284.27	1,464.71	1,690.01	1,820.53	1,960.66	2,110.06	2,270.84
Operating Expenses	1,296.94	1,061.71	1,826.93	1,968.03	2,191.51	2,358.50	2,538.20
Administrative and Other Expenses	27.18	53.91	57.78	62.24	67.03	72.14	77.63
Concession Fee	2,373.63	2,231.10	2,308.75	2,389.11	2,472.25	2,558.30	2,647.34
Chq Expenditure allocated	163.49	262.70	443.10	477.32	514.07	553.23	595.39
Depreciation	460.18	223.30	226.66	889.09	1,321.58	1,446.97	1,267.75
<b>Total Costs</b>	<b>5,605.68</b>	<b>5,297.43</b>	<b>6,553.24</b>	<b>7,606.33</b>	<b>8,527.11</b>	<b>9,099.19</b>	<b>9,397.15</b>

5.14.2 If PAT of 25% on revenues is required to be earned from Kolkata in line with its competitors, following are the revenues to be earned when reworked considering costs projected as base:

Table 24 – Revenues to be earned if PAT of 25% is required

Rs. in lacs

Particulars	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
	Actuals	Actuals	Projection	Projection	Projection	Projection	Projection
<b>Total Costs *</b>	5,605.68	5,297.43	6,553.24	7,606.33	8,527.11	9,099.19	9,397.15
<b>Revenues to be earned **</b>	8,621.27	8,266.03	9,411.45	18,049.25	17,412.34	18,646.05	19,652.56

\* Total cost excludes taxes

\*\* ARR required is arrived considering cost incurred/projected for each FY plus concession fees of 30% on revenue plus tax reimbursement.

5.14.3 Considering the revenues and costs as detailed above, the PAT of Kolkata airport is tabulated below:

Table 25 - Profitability statement considering costs and estimated revenues

Particulars	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
	Actuals	Actuals	Projection	Projection	Projection	Projection	Projection
ARR Required	8,621.27	8,266.03	9,411.45	18,049.25	17,412.34	18,646.05	19,652.56



Particulars	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
	Actuals	Actuals	Projection	Projection	Projection	Projection	Projection
Employee Cost	1,284.27	1,464.71	1,690.01	1,820.53	1,960.66	2,110.06	2,270.84
O&M Expenses (other than Lease rent, Concession Fee)	1,296.94	1,061.71	1,826.93	1,968.03	2,191.51	2,358.50	2,538.20
Admin cost	27.18	53.91	57.78	62.24	67.03	72.14	77.63
Chq Expenditure allocated	163.49	262.70	443.10	477.32	514.07	553.23	595.39
Depreciation	460.18	223.30	226.66	889.09	1,321.58	1,446.97	1,267.75
Concession Fee - On Revenue	2,373.63	2,231.10	2,445.95	5,041.04	5,372.98	5,726.78	6,103.88
<b>Total Cost</b>	<b>5,605.68</b>	<b>5,297.43</b>	<b>6,690.45</b>	<b>10,258.26</b>	<b>11,427.84</b>	<b>12,267.67</b>	<b>12,853.69</b>
<b>Profit Before Tax</b>	<b>3,015.58</b>	<b>2,968.60</b>	<b>2,721.00</b>	<b>7,790.99</b>	<b>5,984.50</b>	<b>6,378.37</b>	<b>6,798.87</b>
Tax	860.27	902.09	368.14	1,647.30	1,631.42	1,716.86	1,885.73
<b>Net Profit</b>	<b>2,155.32</b>	<b>2,066.51</b>	<b>2,352.86</b>	<b>6,143.69</b>	<b>4,353.09</b>	<b>4,661.51</b>	<b>4,913.14</b>
<b>Profit % to Revenue</b>	<b>25%</b>	<b>25%</b>	<b>25%</b>	<b>34%</b>	<b>25%</b>	<b>25%</b>	<b>25%</b>

5.14.4 For the years which have already elapsed i.e for FY 2017-18 and FY 2018-19, following is the comparison between the revenues earned and the revenues that ought to have been earned, considering the costs incurred and PAT of 25%. The same exercise has also been done for 2019-20 as the tariff increase is proposed only from FY 2020-21.

Table 26 -  
Comparison  
of  
excess/shortfall  
in  
earnings  
for  
the elapsed period and for FY 2019-20

Particulars	2017-18	2018-19	2019-20
	Actuals	Actuals	Projections
Revenue that ought to be earned considering a 25% PAT based on costs incurred (Target Revenue)	8,621.27	8,266.03	9,411.45
Revenue earned /estimated for 2019-20 including other income	8,091.43	7,878.97	8,153.18
(Excess) earnings/Shortfall in earnings	529.84	387.06	1,258.27
<b>Cumulative (Excess) earnings/Shortfall in earnings</b>			<b>2,175.16</b>

5.14.5 This shortfall amount of Rs. 2,175.16 lacs have been carried forward in the total ARR of Kolkata airport for the period starting from FY 2020-21. After considering this shortfall amount, the net shortfall/excess is projected for the balance years in the control period. The workings of the same is provided below:

Table 27 - Computation of ARR of Kolkata airport for the first control period

Particulars	Ref.	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
		Actuals	Actuals	Projection	Projection	Projection	Projection	Projection
Revenue that ought to be earned considering a 25% PAT based on costs incurred (Target Revenue)	A	8,621.27	8,266.03	9,411.45	15,874.08	17,412.34	18,646.05	19,652.56
Expected revenues including other income with just traffic increase	B	8,091.43	7,878.97	7,809.36	8,008.76	8,286.69	8,574.30	8,871.91
Shortfall/(Excess)	C = A-B	529.84	387.06	1,602.09	7,865.32	9,125.65	10,071.75	10,780.65
Shortfall/ (Excess) of First 3 years	D				2,518.99			
Adjusted Target Revenue	E = A+D	8,621.27	8,266.03	9,411.45	18,393.07	17,412.34	18,646.05	19,652.56
Discounting factor at 14%	F	1	1	1	1	0.88	0.77	0.67
<b>Discounted Adjusted Target Revenue</b>	<b>G = E*F</b>	8,621.27	8,266.03	9,411.45	18,393.07	15,322.86	14,357.46	13,167.22

5.14.6 The discounted target revenue from year 2020-21 to 2023-24 totaling to Rs. 61,240.60 lakhs has to be recovered from approx. 6.79 lacs MT over the same period. If a 3% increase in the yield per MT (discounted revenues in a year/ discounted MT) is allowed from year 2021-22 onwards, then the expected increase in the yield for year 2020-21 ought to be 99.17%. The calculations are explained below:

Table 28 - Determination of yield

Particulars	Ref.	2019-20*	2020-21	2021-22	2022-23	2023-24
		Projections	Projections	Projections	Projections	Projections
Discounted Adjusted Target Revenue	A	24,446.70	24,553.82	25,405.95	23,745.75	21,667.35
Discounted Adjusted MT	B	4.22	4.33	4.01	3.71	3.44
Yield	C = A/B	5,076	10,109	10,412	10,724	11,046
<b>% increase in yield</b>	<b>D</b>		<b>99.17%</b>	<b>3.00%</b>	<b>3.00%</b>	<b>3.00%</b>

\* Given only for comparison for determining the increase in 2020-21

5.14.7 Revised revenues for the balance years in the control period are as follows:

Table 29 - Revised revenues after price increase

Particulars	Ref.	2020-21	2021-22	2022-23	2023-24
		Projections	Projections	Projections	Projections
Yield	A	10,109	10,412	10,724	11,046

Particulars	Ref.	2020-21	2021-22	2022-23	2023-24
		Projections	Projections	Projections	Projections
Traffic	B	1.66	1.72	1.78	1.84
Revised expected revenues (lacs)	$C = A*B$	16,803.48	17,909.95	19,089.27	20,346.26
Discount Factor	D	1.00	0.88	0.77	0.67
<b>Discounted Revised expected revenues (lacs)</b>	<b><math>E = C*D</math></b>	<b>16,803.48</b>	<b>15,710.48</b>	<b>14,688.58</b>	<b>13,733.14</b>

5.14.8 AAICLAS envisages that one-time rate increase of 99.17% for 2020-21 and 3% PA thereon for FY 2021-22 to 2023-24 would result in drop in volume and loss of customer base considering Kolkata Cargo operations being price significantly.

5.14.9 AAICLAS proposes to recover approx. 64.% of its eligible ARR (Computed based on 25% margin on revenue) and requests Authority to allow AAICLAS to carry forward the shortfall in second control period considering increase volume of business in second control period and to give smoothing effect of price increase.

5.14.10 From the above tables, the increase in the tariff/yield is computed in such a way that the discounted target revenue for the balance years in the control period is matched with the revised revenues based on revised tariff yield, which is explained in the table below:

*Table 30 - Equalizing the Revenues*

Particulars	Ref. No.	2020-21	2021-22	2022-23	2023-24	Total
		Projections	Projections	Projections	Projections	
Discounted Adjusted Target Revenue (lacs)	A (from G of table 27 above)	18,049.25	15,273.98	14,347.53	13,264.92	<b>60,935.68</b>
Discounted Revised expected revenues (lacs)	B (from E of table 29 above)	16,803.48	15,710.48	14,688.58	13,733.14	<b>60,935.68</b>
Recovery of ARR at 64.05 % of eligible ARR		10,762.63	10,062.56	9,408.04	8,796.08	<b>39,029.30</b>
Shortfall to be carried forward to 2 <sup>nd</sup> Control period		6,040.85	5,647.92	5,280.54	4,937.06	<b>21,906.38</b>

5.14.11 In view of the above, following tariff increase is proposed for cargo operations in Kolkata airport.

5.14.11.1 27.56% increase in tariff for year 2020-21

5.14.11.2 3% increase in tariff thereafter from 2021-22 till 2023-24.

## **5.15 Justification for proposed tariff increase**

- 5.15.1 Cargo operations at Kolkata Airport continues to incur cost while the volumes have not significantly increase resulting in the need to increase prices to upgrade and maintain the quality of service.
- 5.15.2 AAICLAS proposes to spend 20,567.68 Lacs towards CAPEX which the company proposes to fund from internal accruals
- 5.15.3 A onetime increase of 27.56% for FY 2020-21 and a nominal increase of 3% for the next year 3 years is proposed considering CPI index, to manage its cash flows and fund Capex such as ICMS software implementation, Domestic cargo terminal, Underground reservoir and boring of submersible, WMS for Logistics warehouse, X-ray machines, forklifts, etc., so as to maintain the quality of service to meet the customers' expectations and be at par with international standards.
- 5.15.4 Balance unrecovered ARR beyond the increased revenue is requested to be allowed to be carried forward and recovered in the next control periods.

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**AAICLAS | Kolkata | AERA Minutes**

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**From :** Ranjit Kumar Das <ranjitkdas@AAI.AERO>

Fri, Feb 14, 2020 01:53 AM

**Subject :** AAICLAS | Kolkata | AERA Minutes

1 attachment

**To :** Karri Narsimha <karry@aera.gov.in>

Dear Karrie

Please find attached Kolkata Minutes as desired by you .

With Regards,  
R.K. Das  
Chief Financial Officer  
AAI Cargo Logistics and Allied Services Company Limited  
(An AAI Subsidiary)

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**MINUTES OF THE STAKEHOLDER'S CONSULATATIVE MEETING ON THE  
AERA TARIFF PROPOSAL HELD ON 6<sup>TH</sup> JANUARY, 2020 AT 11:30 HRS. AT  
THE SWISSOTEL (ZURICH HALL), KOLKATA, NEW TOWN, RAJARHAT,  
KOLKATA - 700 157**

**AAI/ AAICLAS**

- |                              |                                   |
|------------------------------|-----------------------------------|
| 1. Shri Kaushik Bhattacharya | Airport Director, Kolkata Airport |
| 2. Shri Keku Bomi Gazder     | CEO - AAICLAS                     |
| 3. Shri K Selvakumar         | COO - AAICLAS                     |
| 4. Shri Ranjit Kr. Das       | CFO - AAICLAS                     |
| 5. Shri D Murlidharan        | Regional Manager - SR             |
| 6. Shri Rahul Nandy          | Regional Manager - ER             |
| 7. Shri Pradeep Kr. Singh    | Sr. Manager (Cargo)               |
| 8. Shri V S Rawat            | Sr. Manager (Cargo)               |
| 9. Shri Z A Ahmed            | Sr. Manager (Cargo)               |
| 10. Shri B Dutta             | Manager (PS)                      |
| 11. Shri Rahul Ranjan        | Manager (Cargo)                   |
| 12. Shri Nirupom Das         | Manager (Cargo)                   |
| 13. Shri Shubham Saurabh     | JE (Cargo)                        |
| 14. Shri S Guha              | Engineer - Civil                  |
| 15. Shri Sanjay Lahiri       | Sr. Exe. (Finance)                |

**AERA**

16. Shri K Narsimha

**CII**

17. Shri Rhitam Das

**STAKEHOLDERS**

- |                             |                    |
|-----------------------------|--------------------|
| 18. Shri Farid Zamal        | CCHAA              |
| 19. Shri P C Maity          | CCHAA              |
| 20. Shri Sudip Dey          | CCHAA              |
| 21. Shri Arjun Singh        | M/s Spice Jet      |
| 22. Shri Prantick Chowdhury | M/s Air Asia       |
| 23. Shri Debu Biswas        | M/s Blue Dart      |
| 24. Shri Siddhartha Bose    | M/s Blue Dart      |
| 25. Shri Amin Khan          | M/s Emirates       |
| 26. Shri Indranil Banerjee  | M/s Air India      |
| 27. Shri Prabhat Chandra    | M/s Air India      |
| 28. Shri Amit Ghosal        | M/s Air India      |
| 29. Shri Debanjan Sen       | M/s Indigo         |
| 30. Shri Prodyut Saha       | M/s Vistara        |
| 31. Shri Amit Koley         | M/s Saila Shipping |
| 32. Shri P K Sinha          | M/s Continental    |

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- |                              |  |
|------------------------------|--|
| 33. Shri Arup Kumar Das      | M/s Continental                        |
| 34. Shri Louis Alphonso      | Chairman – CFC, M/s Singapore Airlines |
| 35. Smt. K M Indra           | M/s Spice Jet                          |
| 36. Shri Victor Banerjee     | M/s Air Asia                           |
| 37. Shri Satinder Dasgupta   | M/s Robinsons Cargo & Logistics        |
| 38. Shri Jaideep Raha        | Chairman, ACAAI – ER                   |
| 39. Shri Subhasish Majumder  | ACAAI                                  |
| 40. Shri Goutam Sarkar       | ACAAI                                  |
| 41. Shri Arindam Sarkar      | PSAFL SPEED MARK                       |
| 42. Shri Pallab Kr. Mukerjee | PSAFL SPEED MARK                       |
| 43. Shri Subhasish Majumder  | Thai Airways                           |
| 44. Shri Shibabrata Ghosh    | Qatar Airways                          |

Mr Keku Bomi Gazder, Chief Executive Officer – AAICLAS welcomed all the guests and thanked them for sparing their valuable time to attend the meeting on determination of tariff Kolkata Air Cargo under AERA. He stated that the tariff for Chennai Airport has already been finalized last week and now we are doing for Kolkata Airport. He introduced AERA represented Shri K Narsimha who has come from AERA, New Delhi to observe the proceedings of the meeting.

CEO-AAICLAS formally started the meeting and requested Shri Rahul Nandy, Regional Manager – ER to give his presentation about the existing facilities and upcoming facilities at Kolkata Air Cargo Complex.

RM-ER gave a brief presentation about the existing facilities, AAICLAS is having at Kolkata, then the running projects which will be completed by the end of March 2020 and the upcoming facilities viz. New State of the Art Domestic Terminal and a multilevel warehouse for e-commerce facilities as well as storage of Custom cleared cargo.

Next, Shri Ranjit Kumar Das, Chief Financial Officer of AAICLAS gave his presentation regarding the parameters for determination of AERA tariff and the justification of the increase in prevailing rates. He proposed an increase of 27.56% in 2020-21 and thereon 3% per annum till 2024-25.

Finally, Shri K Selvakumar, Chief Operating Officer, AAICLAS gave presentation regarding various components the AERA is considering for the proposed rates. He highlighted the various components where discount is given to the trade or where the rates are increased. 10% discount are offered to the trade where they use their own manpower from offloading at Truck Dock till handing over of the cargo to Airlines. Increase in X-ray charges from 0.75/kg to Re.1/kg in line with other private airports. He explained all the charges included in the tariff at length.



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COO-AAICLAS further informed that RA for Chennai ACC has been approved by BCAS and RA for Kolkata will be approved very shortly. Thereafter, AAICLAS will take over the security screening functions and charges for screening and escorting are already incorporated in the present tariff under consideration. After the presentation were completed, the forum was opened for interactive session for discussion / queries on tariff determination.

Mr Jaideep Raha, Chairman, ACAAI-ER raised certain points / views on increase in tariff. He expressed his concern about financial data provided by CFO-AAICLAS and total CAPEX investments. The detailed observations appended by Mr Raha are enclosed for understanding. It has been narrated that if AAICLAS couldn't meet the CAPEX and OPEX then AERA would review it. The true-up of each year would ensure whether tariff would be same or change in future.

On the issue of 50% discount to Air Freight Stations (AFS), Shri Jaideep Raha stated that Kolkata is having no AFS at present but in future there may be AFS operating from Kolkata, hence there should be one tariff for AFS on PAN india basis and Airport should only to pass thru' way. CEO-AAICLAS explained that the AFS facility is operational in Chennai only and we are giving 50% discount for Import Cargo. He stated that logistic cost should be based on transport and commodity & Administrative cost.

On the above, CFO AAICLAS clarified about the Administrative cost that after the formation of AAICLAS three years already gone and the Administrative cost which appears to be 27-77% is actually 53-77%. AAICLAS is charging on 15% Price cap model while DIAL / HIAL are charging 25% return. In a situation of increased rate, AERA will eventually reduce the rate. Therefore, increase rate is justified. The shortfall if any on 25% return model would be carried forward to the next control period.

On the issue of 10% on export shipments, where CHAs, Exporter has an option to use their own manpower for offloading the cargo from truck and shifting to examination and subsequently hand it over to Airlines, Mr Raha, Chairman, ACAAI-ER expressed his objection on this as shippers' / trade do not want to bring their own manpower, quoting security issues including issuance of AEPs. He further stated that he will put above points on paper and request AAICLAS to review on this.

On the free period issue, COO-AAICLAS stated that the free period is being discussed at Ministry level and the existing 12 hrs and 36 hours may come down to 24 hours with Customs working on 24\*7 pattern. He further stated that now ICEGATE downtime is reduced and trade has also appreciated. Now ICES 2.0 will be rolled out soon wherein, provision for Courier software will also be developed and it will be taken over by Customs.

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781

Shri Louis Alphonso, Chairman CFC raised the issue of higher bonded area demurrage charges and requested to be equal to examination area demurrage. As regards handing over of cargo within 4 hours, he raised the issue insufficient space in the flight check area. He also expressed that 4 hours' time to bring the ULDs of a 100 MT freighter is practically impossible.

CFC Chairman also mentioned that the ETV charges should be a part of the facility and no additional charges should be levied. With regard to ETV charges, RM - ER explained that AAICLAS is incurring huge maintenance charges i.e. 4.5 Crores for three years, on ETV and therefore, a small charge is imposed so as to keep the facility in good condition.

CFC Chairman mentioned that TSP charges are not applicable on TP shipments as in practice at other airports to which CEO-AAICLAS contradicted him stating that TSP charges on TP is applicable at all airports.

With regard to the query raised by CFC Chairman on the print slips from the weighing scales, it was cleared that AAICLAS is planning to introduce new ICMS system, wherein all the weighing scales will be integrated to ICMS system and all the details will be captured electronically. Regional Manager, AAICLAS, ER informed that AAICLAS is changing all the load cells and display system of all the weighing scales and there will be no complaint as far as calibration of scales is concerned.

Shri Louis Alphonso, Chairman CFC pointed out that weighing scale at heavy shed is not functional and Xray machines in exports are not maintained 24\*7 as there is no maintenance engineer available during odd hours. RM ER informed that AAICLAS has called quotations not only for 10 MT capacity weighing scale in heavy shed but one more machine with a capacity of 30 MT which would be used to weigh 20" pallets. As regards Xray machine maintenance, he stated that till date Xray machines are maintained by AAI and once the assets are transferred to AAICLAS, maintenance engineers would be available 24\*7.

Shri Sudip Dey, Customs Broker Association raised the issue of 12 hours and 36 hours' free period in export. He stated that he has no issue on reduction in free period, but the delay in processing for screening and shifting to bonded area should be reduced. He said that even if they are completing all the formalities within the time, even than demurrage is levied, hence the infrastructure facilities should be increased. RM-ER stated that there are lot of instances where cargo is cleared and LEO is given but the same is lying in exam

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area awaiting for screening due to non-availability of challans. He also stated that once AAICLAS obtains RA status, this problem will be eradicated as AAICLAS will do the screening for all cargo in International and Domestic and would ensure shifting of ready cargo immediately to the bonded area.

CHA representative further pointed out that penal charges should not be levied on shipper / CHAs for weight variation, he requested that the trade should not be penalized and requested to drop this. CEO AAICLAS stated that this is a safety violation; there are some Airports who charge 10% but find the mechanism and we must include this charge as a deterrent, to those who frequently misdeclares the weight.

Shri Jaideep Raha raised the issue of calibration of weighing scales in export, he stated that it should be done frequently but not happening. He highlighted the typical practice in Kolkata that most of the cargo is directly coming to Cargo terminal from exporters warehouse, hence there should be two layer weighment check and weight variation for more than five instances by same Shipper / CHA should be penalized.

Finally, Shri Jaideep Raha appreciated the improvements brought in after the formation of AAICLAS and conveyed that ACAAI is thankful for everything which was not there before 2016. He stated that trade is not against increase in rates /tariff, but they also need increase in service level.

CEO AAICLAS stated that whatever justification is presented is only the proposal and will be submitted to AERA on which AERA will take a final call.

He further stated that AAICLAS is going into wallet payments by moving to electronic payment mode. GHA policy will be released very shortly by AAI where GHA will be restricted only to handover the loaded ULDs to Flight receiving area and taking loaded ULDs from export staging area to the Aircraft for onward upliftment and not inside the cargo terminal. There will be SLAs between Airlines and GHA which inter-alia will improve the service level. In order to reduce dwell time, AAICLAS is preparing by updating their software for paper less transactions.

Issue of demand charge on electricity bills was raised by the house wherein RM-ER informed that these charges are calculated by AAI Finance Deptt, on the basis of that AAICLAS is charging demand charges and these charges are for the State Government.

CEO AAICLAS introduced Airport Director, Shri Kaushik Bhattacharya and requested him to say few words. The Airport Director thanked CEO and his team for the meeting with all stakeholders in presence of AERA Representative and

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758 378

said that the cargo movement has grown and developed in much better way. He further stated that there are some International Flights added in the schedule of Kolkata which will definitely benefit the exports and trade.

CEO AAICLAS thanked all for acknowledging the investments made by AAICLAS and for their observations on the ATP. He also requested for their feed backs on the ATP.

The meeting ended with a vote of thanks to one and all.

**(V S RAWAT)**  
**Senior Manager (Cargo/Admn)**

**AAICLAS | Kolkata | Responses to stakeholder comments**

**From :** Ranjit Kumar Das <ranjitkdas@AAI.AERO>  
**Subject :** AAICLAS | Kolkata | Responses to stakeholder comments

Fri, Feb 14, 2020 01:55 AM

2 attachments

**To :** Karri Narsimha <karry@aera.gov.in>

Dear Karri

Please find attached the comments of the stake holders as desired by you .

With Regards,

R.K. Das

Chief Financial Officer

AAI Cargo Logistics and Allied Services Company Limited

(An AAI Subsidiary)

---

**From:** Aditya Chawla <Aditya.Chawla@pkflp.onmicrosoft.com>

**Sent:** 13 February 2020 17:12

**To:** Ranjit Kumar Das <ranjitkdas@AAI.AERO>

**Cc:** Dinesh Raisinghani <dinesh.c@pkfindia.in>; Harini Vijayakumar <harini@pkfindia.in>

**Subject:** FW: AAICLAS | Kolkata | Responses to stakeholder comments

**Importance:** High

**CAUTION: This email has originated from Outside of AAI. Do not click links or open attachments unless you recognize the sender and know the content is safe. Malware/ Viruses can be easily transmitted via email.**

Dear Sir

Please find the responses to stakeholder's comments for your review and forwarding the same to Rajiv.

--

Best Regards  
Aditya Chawla

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**POINTS RAISED BY CFC CHAIRMAN, CARGO EASTERN REGION  
ON DETERMINATION OF AERA TARIFF**

Sr No	Description
1.	<p>The airlines main area of concern is that why the demurrage charges for the airlines are just double of the agent/shipper demurrage charges?</p> <p>With the current slow-down of the cargo demand, and swindling revenues, we request that the airlines demurrage be made same as the agents demurrage charges which is at a lower level.</p>
Response	<p>Reasons for difference in demurrage charges for examination area and bonded area are as follows:</p> <ol style="list-style-type: none"><li>1. It is stated that examination area is a processing zone only. Hence they are given 12 hours' free period and charges are approximately at par with TSP exports.</li><li>2. Free period for bonded area is 36 hours and the facility should not be used as warehouse, instead should be used as a terminal space. Hence, charges are higher as a deterrent to use the bonded area as a warehouse.</li></ol> <p>Hence, in our opinion, demurrage charges for examination and bonded area cannot be same.</p>

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**WHITE PAPER ON AERA CONSULTATIVE TARIFF INCREASE PROPOSAL – ACAA**

Sr No.	Description / Responses
1.	<p>We have not been given your proposed rate structure of the charges, but it was made to understand that it would be around 30% increase overall. Which according to us is very high considering the present slump in EXIM Trade due over all slump in business in India.</p> <p>Last but not the least, considering the fact that Govt Of India is seriously evaluating to reduce <b>14.5% Logistics Costs of GDP</b> particularly when India is higher in Logistics costs compare to global standard which is in the range of 7.5% to 9%.</p> <p>This increase in charges should be either done away with for the time being or the overall efficiency needs to be increased if the charges are to be increased.</p> <p>Since we feel a big chunk of income comes from demurrages and rents to the Terminal Operators/ Airport Operators and which is primarily contributed by inefficient handling and processing at the Airport Terminals and this is largely contributed due to Customs Processing systems and Ground Handling Agents who does not have any accountability. This area needs highest degree of improvement if we have to pay hike in charges.</p>
Response	<p>There is a need to improve the facilities in Kolkata Airport. This is required keeping in mind the need for enhanced facilities, expansion considering the demand in this terminal and with the vision to provide the best quality services in all AAICLAS terminals.</p> <p>In order to achieve these objectives, AAICLAS proposes to invest approximately INR 205.68 Crores over a period of 5 years. AAICLAS proposes to fund this investment from internal accruals.</p> <p>The above investment will lead to reduction in the turn-around time. This will in-turn increase the efficiency thereby offering faster processing of cargos.</p> <p>This will be required to efficiently manage its cash flows and fund Capex such as ICMS software implementation, Domestic cargo terminal, Underground reservoir and boring of submersible, WMS for Logistics warehouse, X-ray machines, forklifts, etc., so as to maintain the quality of service to meet the customers' expectations and be at par with international standards.</p> <p>It may be noted that for an investment of INR 205.68 Crores, AAICLAS had estimated the tariff increase to be about 99% in year 1 of the control period. However, AAICLAS has only requested for about 30% of the required increase of 99% i.e about 27% increase in year 1. It may be appreciated by the stakeholders that AAICLAS, in its intent to provide the best quality services to all its stakeholders, will not be able to make the profits that other competitors in this industry are making across India. The ideal profit scenario is being postponed to future control periods in the interest of its stakeholders.</p>
2.	<p>Further this increase in rate particularly for CCU Airport Terminal in comparison with the traffic volume with other Airports is not very appropriate since the volumes are much lower in Kolkata Airport. This will further experience exodus of air cargo volumes and conversion to ocean freight. Hence our apprehension.</p> <p>The justification given that AAICLAS is looking at 28% PAT as its bottom-line margin is not very favorable when the air cargo average PAT is in the range of 13% to 15%</p>
Response	<p>Bangalore and Hyderabad are earning profitability of 29% and 28% respectively for the FY 2017-18. These two airports are considered as the fair competitors to AAICLAS (Kolkata).</p>

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These two airports were selected on the following criteria:

1. Volume of Cargo Handled
2. Size of operations
3. Availability of reliable information.

For FY 2018-19, cargo volumes handled at Kolkata Airport (155,232 MT) is more than that at Hyderabad Airport (144,126 MT). Cargo handled in Kolkata is about 40% of the volumes handled at Bangalore Airport. It may be noted that Hyderabad and Bangalore are matured airports with high levels of quality of service. Since Kolkata is on the path to maturity and is committed in this control period to enhance the user experience and level of quality of service, AAICLAS submits that Hyderabad and Bangalore are fair comparables for PAT.

Further, for maintaining same level of profits as of Bangalore and Hyderabad Airports (i.e. 25%) AAICLAS submits that the tariff increase in year 1 should be 99%. However, AAICLAS has sought only 27.56% increase in tariff in year 1. This increase in revenue will only result in 15% PAT as against the comparable PAT of 25%

It may be appreciated by the stakeholders that AAICLAS, in its intent to provide the best quality services to all its stakeholders, will not be able to make the profits that other competitors in this industry are making across India. The ideal profit scenario is being postponed to future control periods in the interest of its stakeholders.

3 As per your presentation your overhead costs are on very higher side, if we have understood it correctly and are in the range of 35% on gross average. Therefore, it is not as per any corporate overhead structure that's prevailing in India.

Further there has been no data provided in your presentation on your operation costs and operative profits. Whilst we cannot really make any comment on your profit margin but since the presentation by your finance team given to us, gives that impression.

Response Operating costs have been listed in the presentation and the submission document. For FY 17-18 and FY 18-19, the entity has considered the actual costs, as per books. Cost Projections from FY 19-20 to FY 23-24 are based on the price-quantum multiplier taking into account the GDP growth rate and Inflation Rate applicable to the respective year as per IMF data. All costs will be trued up in the next control period. Hence, any excess/shortfall in estimation will be adjusted in the ARR required of the subsequent control period.

The operating cost and operating profits are as under:

Particulars	17-18	18-19	19-20	20-21	21-22	22-23	23-24
Rs. in lakhs	Actuals		Projections				
Revenues to be earned	8,621	8,266	9,411	18,049	17,412	18,646	19,652
Expenditure							
Employee benefit	1,284	1,465	1,690	1,821	1,961	2,110	2,271
Operating Expenses	1,297	1,062	1,827	1,968	2,192	2,359	2,538
Concession Fee	2,374	2,231	2,309	2,389	2,472	2,558	2,647
Depreciation	460	223	227	889	1,322	1,447	1,268
Operative Costs	5,415	4,981	6,053	7,067	7,947	8,474	8,724
Operative Profits	3,206	3,285	3,358	10,982	9,465	10,172	10,928
Operating Cost to Revenue	63%	60%	64%	39%	46%	45%	44%

It may be noted from the above table that the operating cost to revenue % is about 60% currently. However, this cost has been rationalized over the years and maintained at an average % of 40 to 45%. These are direct operating costs. Following are the other



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overheads apart from the direct costs:							
Particulars	17-18	18-19	19-20	20-21	21-22	22-23	23-24
Rs. in lakhs	Actuals		Projections				
Adm & Other Exp	27	54	58	62	67	72	78
CHQ Exp allocated	163	263	443	477	514	553	595
Total other overheads	190	317	501	539	581	625	673
% other overheads to revenue	2%	4%	5%	3%	3%	3%	3%
Other overheads only account for about 3% of the total revenue.							

4.	The CAPEX and optimum productivity output per kg or your thru put costs is not defined in your presentation in order to quantify the justification of the rate increase.																																																																																																
Response	<p>Total projected Capex for CCU for the control period is around INR 205.68 Crores.</p> <p>Throughput cost = Revenue – Variable cost (Raw material cost)          Productivity = Throughput/ Operating Expenses</p> <p>For Service Industry, Productivity = Revenue/ Operating Expenses</p> <table border="1"> <thead> <tr> <th>Particulars</th> <th>17-18</th> <th>18-19</th> <th>19-20</th> <th>20-21</th> <th>21-22</th> <th>22-23</th> <th>23-24</th> </tr> <tr> <th></th> <th colspan="2">Actuals</th> <th colspan="5">Projections</th> </tr> </thead> <tbody> <tr> <td>Revenues to be earned*</td> <td>8,621</td> <td>8,266</td> <td>9,411</td> <td>18,049</td> <td>17,412</td> <td>18,646</td> <td>19,652</td> </tr> <tr> <td><b>Expenditure</b></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Employee benefit</td> <td>1,284</td> <td>1,465</td> <td>1,690</td> <td>1,821</td> <td>1,961</td> <td>2,110</td> <td>2,271</td> </tr> <tr> <td>Operating Expenses</td> <td>1,297</td> <td>1,062</td> <td>1,827</td> <td>1,968</td> <td>2,192</td> <td>2,359</td> <td>2,538</td> </tr> <tr> <td>Adm &amp; Other Exp</td> <td>27</td> <td>54</td> <td>58</td> <td>62</td> <td>67</td> <td>72</td> <td>78</td> </tr> <tr> <td>Concession Fee</td> <td>2,374</td> <td>2,231</td> <td>2,309</td> <td>2,389</td> <td>2,472</td> <td>2,558</td> <td>2,647</td> </tr> <tr> <td>CHQ Exp allocated</td> <td>163</td> <td>263</td> <td>443</td> <td>477</td> <td>514</td> <td>553</td> <td>595</td> </tr> <tr> <td>Depreciation</td> <td>460</td> <td>223</td> <td>227</td> <td>889</td> <td>1,322</td> <td>1,447</td> <td>1,268</td> </tr> <tr> <td><b>Operating Costs**</b></td> <td><b>5,606</b></td> <td><b>5,297</b></td> <td><b>6,553</b></td> <td><b>7,606</b></td> <td><b>8,527</b></td> <td><b>9,099</b></td> <td><b>9,397</b></td> </tr> <tr> <td><b>Productivity (%)</b></td> <td><b>154%</b></td> <td><b>156%</b></td> <td><b>144%</b></td> <td><b>237%</b></td> <td><b>204%</b></td> <td><b>205%</b></td> <td><b>209%</b></td> </tr> </tbody> </table> <p>* ARR required is arrived considering cost incurred/projected for each FY plus concession fees of 30% on revenue plus tax reimbursement.          ** Total cost excludes taxes</p> <p>Further, for maintaining 25% profit margin, we are getting 99.17% of Price Increase, whereas we have asked for only 27.56% of price increase which can be achievable at 15.5% PAT only.</p> <p>We further propose to carry-forward the shortfall to be made at 25% profit margin to the next control period.</p>	Particulars	17-18	18-19	19-20	20-21	21-22	22-23	23-24		Actuals		Projections					Revenues to be earned*	8,621	8,266	9,411	18,049	17,412	18,646	19,652	<b>Expenditure</b>								Employee benefit	1,284	1,465	1,690	1,821	1,961	2,110	2,271	Operating Expenses	1,297	1,062	1,827	1,968	2,192	2,359	2,538	Adm & Other Exp	27	54	58	62	67	72	78	Concession Fee	2,374	2,231	2,309	2,389	2,472	2,558	2,647	CHQ Exp allocated	163	263	443	477	514	553	595	Depreciation	460	223	227	889	1,322	1,447	1,268	<b>Operating Costs**</b>	<b>5,606</b>	<b>5,297</b>	<b>6,553</b>	<b>7,606</b>	<b>8,527</b>	<b>9,099</b>	<b>9,397</b>	<b>Productivity (%)</b>	<b>154%</b>	<b>156%</b>	<b>144%</b>	<b>237%</b>	<b>204%</b>	<b>205%</b>	<b>209%</b>
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5.	Your Admin costs taken into consideration from FY 17-18 to FY 23-24 is from Rs. 27.8 lakhs to Rs. 77 lakhs which looks bit out of shape to us.
Response	For FY 17-18 and FY 18-19, the entity has considered the actual costs, as per books. Price-quantum multiplier – which works out to about 7% per annum is used for projecting

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	expenses for rest of the years in the control period. Further, the admin expenses on a year on year basis is only 0.3% to 0.5% of the total revenues from each year. Hence, in our opinion, this cost is immaterial and assumptions for projections are reasonable.
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6.	Regarding your discounts on Built up ULD's thru AFS / FEZ/ SEZ of 50% is very vague and one really cannot calculate the actual costs per KG since the AFS charges are not mentioned and presently there is no AFS operational in CCU and hence one really cannot determine real time costs. According to us it should be a one separate rate must be given to the trade and the Airport Operator and the AFS operator needs to share between them mutually. Otherwise, the 50% discount does not make any sense at all.
Response	50% discount on charges is given to AFS because AFS will take away complete ULD to their warehouse and then importer can clear the goods from AFS as per their convenience as and when required. AFS is not under the purview of AERA, hence their charges cannot be included in Cargo Terminal Operators' charges.

7.	ULD escorting charges proposed for both import and export have not been defined whether they are inclusive of tare weight of the ULD's or that is on actual weight of the cargo?  Moreover, is this rate a breakup of the costs or justification of the increase of 30% rates? Or they are in addition to the TSP/ TC charges and trade needs to factor it as well in case of ULD shipments?  This is not clear to the trade. And in the event these costs need to be factored then the % increased proposed is not correct and would be higher .... This point needs clarifications.
Response	AAICLAS has applied for Regulated Agent (RA) Certification and once the RA is granted, AAICLAS will undertake all security functions including escorting of ULDs from Apron area to Cargo Terminal, hence the charges are proposed in Tariff. These charges will be on actual weight. These charges will be leviable on Airlines. At present also these charges are charged by either GHA or the agency who is doing security functions on behalf of the particular Airlines.

8.	We would also like to place on record that due to Customs and GHA's inefficient and deficient services the trade will be penalized on demurrages and detention charges which will ultimately affect the EXIM Growth from CCU Airport considering the present scenario. The trade demands a clear-cut accountability, liability and responsibility on these two agencies in terms of delayed services and processing and a well-defined rule should be in place prior to implementation of any increase in tariff. Also, ICEGATE down time must be considered as well and appropriate waiver mechanism must be worked out. Instead of claims post the clearance and payment of demurrage by the payee. The demurrage charges of short landing of cargos needs some sort of reprieve or relief to the trade, since the customs procedures of part clearance is very stringent, cumbersome and time consuming. On top of that penalties are been levied at times. And in the event the part shipment which don't arrive Customs also take duty in consideration. Therefore, in case of lost in transit of part shipments, the Importers demands the refund of the proportionate duty amount on the lost cargo that is paid and holds the CHA/ Forwarder to ransom and even at times drag him to Court for heavy compensation. Hence, this area also needs to be covered and well defined in terms of TSP and rent.
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Response	GHA policy will be released very shortly by AAI where GHAs will be restricted only to handover the loaded ULDs to Flight receiving area and taking loaded ULDs from export staging area to the Aircraft for onward upliftment and not inside the cargo terminal. There will be SLAs between Airlines and GHAs which inter-alia will improve the service level. AAICLAS is in constant touch with Customs for paper less transactions wherein process time will also reduce.
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9.	The trade is not in favour of doing loading and unloading activities with their own loaders at the costs of mere 10% discounts inside the Terminal particularly at the Truck Dock area due security threat foremost and competition foul play. This is more of Security concern particularly with the implementation of AEP guidelines rules. The trade under no circumstances wishes to endanger and compromise with the Airport Security and aircraft safety in wake of Terrorism threat to our Country.
Response	This is a proposal only and if any agency/ Shipper/ CHA wants to use their own manpower, they will be given 10% discount. This is not mandatory.

10.	The Mis-declaration of weight and Volume from 2% to 5% penal charges are very high. And the weight variation is always not intentional and could be due to faulty weighing scale as well. It is also due to calibration difference due to capacity of the weighing scales as experienced. We would therefore suggest that, 2% to 5% variation in weight and volume let there be a nominal fee of Rs. 350/- to 500/- be levied and that too only in case of above 3% and within 5%. Your suggested penal charges may be levied for repeat offenders e.g. after 3 times per month either by the same Forwarder/ CHA or the Exporter. We may even suggest even more stringent measure of penalties like temporary suspension of acceptance of the cargo from the same forwarder/ CHA or the Exporter after due consideration and examination of a willful offender only. The same also should well defined and the name of the willful offender should be circulated to the trade bodies which would act as a deterrents.
Response	The weight variation between 2% to 5% is nominal charge only (double the normal TSP charges per kg) and well within Rs.500/-. The penal charges are on higher side when the variation is more than 5% which is not acceptable and to be charged as a deterrent.

11.	The trade does not agree to levy of any packing and repacking charges since if there is RMS shipping bill it is the Customs Computer systems which dictates opening of the packages a certain percentages of packages which the CHA or the forwarder does not have any say. Hence this is not acceptable. This is acceptable only when poor packing and poor quality of the packaging materials are used by the Exporters and they are found or detected in open condition at the time of unloading of the cargo at the Export Truck Dock area.
Response	AAICLAS has proposed to invest INR 6.53 Crores for implementation of new ICMS 2.0 application by FY 2020-21. The aforesaid issue will get addressed after implementation of ICMS.

12.	The trade would urge real time payment module of TSP/ TC charges online 24x7 by the Forwarder/ Shipper/ Consignee/ CHA's instead of PD accounts.
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**Annexure-III**

**Detailed CAPEX Schedule (Revised) submitted by AAICLAS for Kolkata International Airport for the 1<sup>st</sup> Control Period (FY 2019-20 to FY 2023-24);**

**(Rs. In Lakhs)**

<b>Fund Centre Description</b>	<b>PDC</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>Total</b>
RENOVATION AND UPGRADATION OF CUDCT FLOOR AT NSCBI KOLKATA	30-Sep-19	307.52					307.52
DEVELOPMENT OF CAR PARK FOR ATC OFFICIALS AND DOMESTIC CARGO (CUDCT) I/C ACCESS ROAD FOR CFT	31-Dec-19	370.77					370.77
EXTENSION OF TRUCK DOCK AT INTERNATIONAL CARGO NSCBI AIRPORT, KOLKATA. (WIP)	28-Feb-20	168.74					168.74
MISC. CAPITAL WORK AND RENOVATION WORK AT INTERNATIONAL CARGO AND CUDCT. (WIP)	31-Dec-19	230.00					230.00
MODIFICATION OF ROLLING SHUTTER AT DIFFERENT LOCATION OF NICT KOLKATA	30-Nov-19	4.79					4.79
Provision of Second ULD's Platform in front of second X-Ray Machine of APEDA at NICT, Kolkata (WIP)	31-Dec-19			221.19			221.19
Creation of separate transshipment processing zone (Planning)	30-Sep-20	-		400.00			400.00
Pack house for Agricultural products (Planning)	30-Sep-20	-		-	1,100.00		1,100.00
Domestic Cargo Terminal – Planning	30-Sep-21	-	-		7,000.00		-
Proposed Warehouse in car park area in front of International Cargo Terminal	30-Sep-20	-		3,000.00			3,000.00
WAREHOUSE FOR E COMMERCE CLIENTS IN CAR PARK AREA (WIP)	31-Dec-19	-	47.20				47.20
Underground reservoir and boring of submersible	2022-23				1,500.00		1,500.00

New Road and development existing Road	2023-24					800.00	800.00
<b>Additions to RAB - Buildings Total in 1st Control Period</b>		<b>1,081.82</b>	<b>47.20</b>	<b>3,621.19</b>	<b>9,600.00</b>	<b>800.00</b>	<b>15,150.21</b>
PROCUREMENT OF COMPUTER FOR KOLKATA FROM GEM, ABT DESKTOP AND LAPTOP	31-Dec-19	22.38					22.38
PROCUREMENT OF COMPUTER FOR KOLKATA FROM GEM, ABT DESKTOP AND LAPTOP	30-Sep-20		25.00				25.00
PROCUREMENT OF COMPUTER FOR KOLKATA FROM GEM, ABT DESKTOP AND LAPTOP	30-Sep-21			25.00			25.00
Printer HP 1005 MFP - 4 pcs	31-Dec-19	0.61					0.61
2Nos of laptop	31-Dec-19	1.26					1.26
HP 4005G SFF i56 8500 WIN 10P 813 WITH N220 tco (20n Computer)	31-Dec-19	11.33					11.33
Printer HP 1005 MFP - 4 pcs	31-Dec-19	0.61					0.61
New website development with 3 years support & maintenance AAICLAS CPP-e-tendering portal + In house Resource support	31-Dec-19	8.74				-	8.74
AAICLAS Data center & networking infrastructure	31-Dec-20			130.62			130.62
BATTERY FOR UPS	31-Dec-19	3.25					3.25
Purchase of Workstations & accessories for Logistics warehouse	2022-23				25.00		25.00
Purchase of Workstations & accessories for Domestic Cargo terminal	2023-24					25.00	25.00
MS Office Software	31-Dec-19	3.17					3.17
New ICMS 2.0 application	30-Sep-20	-	653.08	-	-	-	653.08
S/W for ECCS,	2021-22			100.00			100.00
S/W for logistics warehouse	2022-23				50.00		50.00
Up-gradation of S/W for ECCS	2023-24					50.00	50.00

<b>Additions to RAB - Computers &amp; S/W Total in 1st Control Period</b>		<b>51.35</b>	<b>678.08</b>	<b>255.62</b>	<b>75.00</b>	<b>75.00</b>	<b>1,135.05</b>
ELECTRICAL WORKS AT 1ST FLOOR OF ECCS TERMINAL OF NICT, KOLKATA	31-Dec-19	20.10					20.10
NEW ELECTRICAL ITEM SUPPLY, INSTALLATION & COMMISSIONING JOB NICT BUILDING & CUDCT.	31-Dec-19	150.00					150.00
Procurement of Electrical items for completing Misc. Electrical job at NICT Building /Area, NSCBI Airport Kolkata	31-Dec-19	0.99					0.99
Electrification of Ware House	2020-21				500.00		500.00
Modification of APEDA	2020-21			200.00			200.00
Separate Electrification of NICT building including metering	2020-21			500.00			500.00
New Domestic Cargo Terminal Building	2021-22				800.00		800.00
Pump motor	2022-23				100.00		100.00
Electrification of Air side	2023-24					60.00	60.00
<b>Additions to RAB - Elec. Installations Total in 1st Control Period</b>		<b>171.09</b>	<b>-</b>	<b>700.00</b>	<b>1,400.00</b>	<b>60.00</b>	<b>2,331.09</b>
PROCUREMENT OF OFFICE FURNITURE	31-Dec-19	20.00					20.00
office furniture for Int'l cargo & CUDCT	2020-21		30.00				30.00
Office Furniture for Logistics Warehouse	2021-22			25.00			25.00
office furniture for New Domestic Cargo terminal & ECCS terminal	2022-23				35.00		35.00
office furniture for New Domestic Cargo terminal	2023-24					20.00	20.00
<b>Additions to RAB - Furniture &amp; Fixtures - Total in 1st Control Period</b>		<b>20.00</b>	<b>30.00</b>	<b>25.00</b>	<b>35.00</b>	<b>20.00</b>	<b>130.00</b>
Purchase of Ceiling Fans 1400 mm	31-Dec-19	0.24					0.24
Purchase of Wall Fan Orient 400 mm Wall 47	31-Dec-19	0.21					0.21
Electrical items for export	31-Dec-19						

counter		0.23					0.23
Purchase of Ceiling Fans for import examination area	31-Dec-19	0.66					0.66
Ceiling Fans (15 Nos) installation at CUDCT, NSCBI Airport, Kolkata	31-Dec-19	0.90					0.90
Rewinding of burnt out roof air extractor fan Motor including allied work	31-Dec-19	1.38					1.38
Automation of Existing Int'L terminal & CUDCT	2020-21		15.00				15.00
Automation of ECCS	2021-22			30.00			30.00
Automation of Logistics warehouse	2022-23				30.00		30.00
Automation of new domestic cargo terminal	2023-24					20.00	20.00
<b>Additions to RAB - Office Equipment Total during 1st Control Period</b>		<b>3.63</b>	<b>15.00</b>	<b>30.00</b>	<b>30.00</b>	<b>20.00</b>	<b>98.63</b>
2 NOS OF DUAL VIEW CARGO XRAY MACHINES WITH TUNNEL SIZE OF 1000 MMX 1000MM AND 1 NOS OF DUAL VIEW CARGO XRAY MACHINE WITH TUNNEL SIZE OF 1450 MMX 1800 M	31-Dec-19	221.47					221.47
ONE NOS ETD FOR CARGO AIRPORT AAICLAS	31-Dec-19	19.38					19.38
Modification of Rolling Shutter at different location of NICT, Kolkata	31-Dec-19	2.78					2.78
XBIS	31-Mar-20	210.00					210.00
UVSS	31-Mar-20	0.10					0.10
ETD	31-Mar-20	14.00					14.00
DMFD	31-Mar-20	3.00					3.00
HHMD	31-Mar-20	0.48					0.48
Boom barrier	31-Mar-20	1.00					1.00
Manual Tyre killer	31-Mar-20	0.50					0.50

WMS for Transshipment	2020-21		300.00				300.00
WMS for ECCS terminal	2021-22			150.00			150.00
WMS for Logistics warehouse	2022-23				500.00		500.00
WMS for New Domestic Cargo terminal	2023-24					300.00	300.00
<b>Additions to RAB - Plant &amp; Machinery- Total during 1st Control Period</b>		<b>472.71</b>	<b>300.00</b>	<b>150.00</b>	<b>500.00</b>	<b>300.00</b>	<b>1,722.71</b>
<b>Additions to RAB during 1st Control Period as per AAICLAS submissions</b>		<b>FY 20</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>	<b>FY 24</b>	<b>Total CAPEX</b>
		<b>1,800.59</b>	<b>1,070.28</b>	<b>4,781.80</b>	<b>11,640.00</b>	<b>1,275.00</b>	<b>20,567.68</b>