



CARGO SERVICE CENTER

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पुस्तक/संयोजक (एरा)
04/12/18

भारतीय विमानपत्तन आर्थिक विनिमायक प्राधिकरण
सफदरजंग एयरपोर्ट, नई दिल्ली-110003

प्राप्त

डायरी नं० 13190
तारीख 03/12/18

Date : 25.11.2018

To,

The Secretary,
Airports Economic Authority of India,
AERA Building, Administrative Complex,
Safdarjung Complex,
New Delhi – 110003.

Subject : Submission of Documents in relation to Mumbai Cargo Service Center Cold Chain Solution Private Limited.

Respected Madam,

This is in reference to our application for approval for tariff of Mumbai Cargo Service Center Cold Chain Solutions Private Limited we would like to submit the following documents :

- 1) Concession Agreement.
- 2) Land Licence Agreement.
- 3) Stakeholder Consultation.
- 4) Proposed ATP for FY 2018-19, FY 2019-20 & FY 2020-21.
- 5) Copy of the approval of AERA on existing tariff.
- 6) Audited Balance Sheet for the FY 2017-18.
- 7) Annual Compliance Statement for FY 2017-18.
- 8) Copies of users agreement.

Thanking you,

Yours sincerely

For MUMBAI CARGO SERVICE CENTER COLD
CHAIN SOLUTIONS PVT. LTD.

Harish Krishna Shetty

Harish Krishna Shetty
Authorised Signatory
Chief Finance Officer

Mumbai Cargo Service Center Cold Chain Solutions Private Limited

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Dr. Saxena
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CARGO SERVICE CENTER

BEFORE THE AIRPORTS ECONOMIC REGULATORY AUTHORITY OF INDIA

AT NEW DELHI

SUBMISSION OF PROPOSAL FOR DETERMINATION OF ANNUAL TARIFF PLAN FOR AND ON BEHALF OF: -

Mumbai Cargo Service Center Cold Chain Solution Private Limited

At

Chhatrapati Shivaji International Airport, Mumbai

I, Harish Krishna Shetty, aged 47 years, resident of 1105, Panch Mahal, Leela Mumbai Co-op Hsg. Society, Powai, Mumbai- 400 072, acting in my official capacity as Chief Financial Officer in Mumbai Cargo Service Center Cold Chain Solution Pvt Ltd having its Registered Office at B-201, Polaris, Off Marol Maroshi Road, Marol, Andheri East, Mumbai 400 059, do hereby state and affirm as under that

1. That I am duly authorized to act and on behalf of Mumbai Cargo Service Center Cold Chain Solution Pvt Ltd in the matter of this submission before the Airports Economic Regulatory Authority of India, New Delhi ("the Authority");
2. I am competent to make this submission before the Authority;
3. I am making this submission in my official capacity and the facts stated herein are based on official records;
4. The contents of the Annual Tariff Proposal submission which include inter alia: -
 1. Proposed detailed break up of tariff(s) where the Authority has specified a light touch approach for the duration of the Control Period and
 2. Justifications are correct and true to my knowledge and belief, and nothing material has been concealed there from.

For MUMBAI CARGO SERVICE CENTER COLD CHAIN SOLUTIONS PVT. LTD.

Harish Krishna Shetty
[Signature]
Chief Financial Officer
Authorised Signatory

Mumbai Cargo Service Center Cold Chain Solution Pvt Ltd

Dated: - 25.11.2018

Place: - Mumbai

1. BACKGROUND

Mumbai Cargo Service Center Cold Chain Solutions Pvt Ltd, a company registered under the Companies Act, 2013 at Mumbai and having its registered office at B-201 Polaris, Off Marol Maroshi Road, Marol, Andheri East, Mumbai 400 059 (herein under referred to as "MCSCCCSPL") has been awarded the concession by Mumbai International Airport Limited Ltd (herein under referred to as "MIAL") on 25th May, 2017 to operate, maintain and manage existing facility measuring about 2631 Sq. Mts of built up area and to design, develop, finance, construct, operate, maintain and manage the expanded facility on a Plot of land admeasuring about 2945 Sq. Mts. at Chatrapati Shivaji International Airport, Mumbai. This concession is for a period of November 01, 2017 to May 02, 2036

The Terminal will offer the following services and handle following products as listed in the table below:

Products Handled	Services Offered	
Fruits and Vegetables	Truck Off-loading	Palletization
Flowers	Weight/Volume Check	Cold Storage
Dairy Products	Temperature Check	Manifestation
Meat	Security Screening	Data EDI
Pharmaceuticals	Other Value-Added Services on demand	
Fruits and Vegetables		

2. REGULATORY APPROACH TO TARIFF DETERMINATION

As per the AERA [Airports Economic Regulatory Authority of India (Terms and Conditions for Determination for services for Cargo Facility, Ground Handling and Supply Fuel to the Aircraft) Guidelines, 2011], the Authority shall follow a three-stage process for determining its approach to the regulation of a regulated service.

1.1. Materiality Assessment

As per the Clause 4.3 in the Guidelines, the materiality index for service provided for cargo facility at major airports is defined as:-

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

'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'. If MI_c is below

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2.5%, then service provided for cargo facility at major airport A shall be deemed 'not material'

The percentage share of cargo volumes for major airports, as per the AAI statistics for FY 16-17 are given below

Sr No.	Airport	Total Cargo Volume FY 17 ('MT)	% of Total Cargo Volume at Major Airports
1	Delhi	857,419	29.8%
2	Mumbai	782,289	27.2%
3	Chennai	359,217	12.5%
4	Bangalore	319,344	11.1%
5	Kolkata	152,415	5.3%
6	Hyderabad	121,882	4.2%
7	Cochin	81,485	2.8%
8	Ahmedabad	76,602	2.7%
9	Trivandrum	28,450	1.0%
10	Pune	34,645	1.2%
11	Calicut	14,023	0.5%
12	Guwahati	17,286	0.6%
13	Srinagar	4,882	0.2%
14	Lucknow	4,843	0.2%
15	Goa	4103	0.1%
16	Jaipur	16,126	0.6%
	Total	287,5011	100%

Source: aai.gov.in

M_c as calculated for Mumbai Airport in the above table is 27.2% which is clearly more than 2.5% cut-off. Therefore, service provided by MCSCCCSPL at Mumbai Airport is deemed as 'material'

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1.2. Competition Assessment

As per the Clause 5 in the Guidelines, the competition assessment for service provided for cargo facility at major airports is defined as:

'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'.

At Mumbai Airport, there are more than two cargo facility service providers including MCSCCCSPL. Details of competitive facilities/service providers are provided below:

Sr. No	Details of Cargo Handling Service Providers at Mumbai Airport
1.	AIR India managing and operating the existing Perishable Terminal called the APEDA facility as well as general cargo facility
2.	MIAL which operates the general cargo facility as well as provides facility for storage of temperature-controlled products.
3.	Mumbai Cargo Service Center Cold Chain Solutions Private Limited operates new Perishable Terminal.

Clearly the number of service providers is 'two or more'; therefore, service provided by MCSCCCSPL at Mumbai Airport is 'competitive'.

As per the overall assessment, the service provided by MCSCCCSPL is;

- 1) Material and also
- 2) Competitive

Therefore, the tariff should be regulated by the Authority under "Light Touch Approach" as per Chapter V of the Guidelines.

Details of the process are represented in the following sections along with the tariffs which have been agreed upon. MCSCCCS PL believes that Authority would find the process satisfying and would approve the tariffs as proposed.

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Assessment of reasonableness of the user agreements between the service providers and the regulated services: -

As already submitted, services are provided to two broad categories of users: Shippers and Consignees represented by their agents on city side to whom Terminal, Storage and Processing Charges are levied besides demurrage in case the shipment is cleared beyond the free period. Additionally, document handling fees are also levied for issuance of delivery order in case such work is outsourced to us by the airlines.

The city side tariff which are commonly applied to all users, are determined using consultative approach with Users of the facility namely the forwarders and the shippers.

On the other hand, the airside charges are airline specific and fixed after detailed negotiation with specific airlines based on the volume of cargo to be handled, service level agreement, specific handling requirements and such other factors. Agreements with Airlines are signed based on the Standard Ground Handling Agreements (herein referred to as "SGHA") as per IATA Guidelines. Such negotiations are on-going and are entered into from one-year upto five years.

Given the above factors, it is contended that the cargo handling services being provided by MCSCCCSPL at Mumbai Airport is material but competitive and therefore the tariff should be regulated by the Authority under Light Touch Approach as per Chapter V of your guidelines.

3. IMPLEMENTATION OF THE APPROVED TARIFF

Multi Year Tariff proposal for 2nd Control period FY 2106-17 to FY 2020-21 was filed with Authorities on 03rd April, 2018. The company received AERA order no. F.No.AERA/20010/MYTP/MCSCCCS/CP-II/2016-17/13084 Dt 29th August, 2017 to continue to charge the tariff rate which was applicable to M/s Cargo Service Center India Pvt Ltd.

4. TARIFF PROPOSAL

MCSCCCSPL has proposed tariff plan for FY 2019-20 and FY 2020-21 respectively for international operations at Chhatrapati Shivaji International Airport, Mumbai, in consideration of the following factors:

- (i) **Delay in approval of Tariff :**
MCSCCCSPL applied for tariff increase for the FY 2018-19 but the authority has not approved the same till the date hence it contributes to the significant revenue loss to the company.
- (ii) **Increase in Operating Cost :**
 - (a) **Salary Cost :** Government has brought forward in upward revisions in the minimum wages rates in the related period.
 - (b) **Land License Fee :** Annual increase in the land license fee by 7.50% every year payable to MIAL.

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(c) **Electricity & Other administrative overheads** : other operating expenses ie electricity & other administrative overheads have also gone up. Besides that general increase in other operating costs is caused due to inflation.

(d) Other Grounds

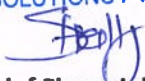
Following major developments/initiatives are also being carried out:

- a. MCSCCCSPL has envisaged cost of the project **65 Crores** to expand the facility at Perishable Cargo Terminal, Mumbai Airport area of around 2913 sq. mtrs.
- b. Extension of the separate section for pharmaceuticals and perishable
- c. Development of mezzanine floor for storage of pharma shipments.
- d. Deployment of extra X ray machines in the facility.
- e. Increase in the docks to minimize the truck waiting time.
- f. Development of develop the online carting order and shipment tracking facility for the trade.

In light of the above, MCSCCCSPL requests the Authority to approve the tariffs and in this regard is also submitting the Annual Tariff proposal (ATP) as per the AERA guidelines under clause A1.8 in the specified in Form F14 (B)

Harish Krishan Shetty

For **MUMBAI CARGO SERVICE CENTER COLD CHAIN SOLUTIONS PVT. LTD.**



Chief Financial Officer Signatory
Mumbai Cargo Service Center Cold Chain Solutions Pvt Ltd.

Annexures:

- 1) Annual Tariff Proposal for FY 2018-19
- 2) Annual Tariff Proposal for FY 2019-20
- 3) Annual Tariff Proposal for FY 2020-21

Form (14b)

Annual Tariff Proposal for Tariff Year 2018-19, 2019-20 & 2020-21

City Side Tariff Proposal

(Lanu side charges to be collected from agents/freight forwarders)

TARIFF FOR TERMINAL STORAGE AND PROCESSING CHARGES (TSP), DEMURRAGE AND OTHER CHARGES AT PERISHABLE CARGO TERMINAL MANGED AND OPERATED BY MUMBAI CARGO SERVICE CENTER COLD CHAIN SOLUTION PVT LTD

S. No	Charges	Unit	FY 2018-19		FY 2019-20		FY 2020-21		Remarks
			Rate	Remarks	Rate	Remarks	Rate	Remarks	
1. TSP Charges									
1.1	Non Horticulture product required temperature control	Per Kg	2.08	Rs / Kg subject to minimum of Rs. 250 per AWB	2.58	Rs / Kg subject to minimum of Rs. 250 per AWB	2.73	Rs / Kg subject to minimum of Rs. 250 per AWB	Charges include unloading from trucks at truck docks
1.2	Horticulture product like Fruits, Vegetable and Flowers	Per Kg	1.04	Rs / Kg subject to minimum of Rs. 170 per AWB	1.29	Rs / Kg subject to minimum of Rs. 170 per AWB	1.37	Rs / Kg subject to minimum of Rs. 170 per AWB	Charges include unloading from trucks at truck docks
2. Demurrage Charges									
2.1	Demurrage/Storage Charges beyond 24 Hrs free period	Per Kg	2.08	Rs / Kg / Day subject to minimum of Rs. 250 per AWB	2.58	Rs / Kg / Day subject to minimum of Rs. 250 per AWB	2.73	Rs / Kg / Day subject to minimum of Rs. 250 per AWB	Demurrage free period shall be as per government order issued from time to time
3. Optional Charges									
3.1	Special Handling (Pharmaceutical, to maintain product temperature on request	Per AWB	2600	Rs / AWB	3224	Rs / AWB	3417	Rs / AWB	
3.2	Back to town	Per Kg	50% of TSP Charges	Rs / Kg subject to minimum of Rs. 50 per AWB	50% of TSP Charges	Rs / Kg subject to minimum of Rs. 50 per AWB	50% of TSP Charges	Rs / Kg subject to minimum of Rs. 50 per AWB	If not cleared within 24 hours of intimation, demurrage charges will be applicable

Note:

- TSP Charges is inclusive of forklift use inside the terminal. No additional forklift charges will be levied.
- Charges will be on the "gross weight" or the "chargeable weight" of consignment, whichever is higher. Whenever the "gross weight" and (or) volume weight is wrongly indicated on the AWB and is actually found more, charges will be levied on the "actual gross weight" or the "actual volumetric weight" whichever is higher.
- For misdeclaration of weight above 2% and upto 5% of declared weight penal charges double the applicable TSP charges will be levied. For variation above 5%, the penal charges will be five times the applicable TSP charges of the differential weight. No penal charges will be there for variation upto and inclusive of 2%. This will not apply to Valuable Cargo

4. While it is our intention not to allow any other agencies to operate inside the facility, in case for special reason exporters wants to engage their own labour, discount of 5% will be granted in TSP charges for offloading the cargo from truck and putting on customs examination area, and on pallets.

5. All invoices will be rounded off to nearest Rs.%. As per IATA Tact Rule book Clause-5.7.2, rounding off procedure, when rounding off unit is 5.

For example:

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

For MUMBAI CARGO SERVICE CENTER COLD CHAIN SOLUTIONS PVT. LTD.



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6. In case of premium service request, such service shall be provided at a premium of 25 % over normal handling rates.

7. Demurrage free period shall be as per government order issued from time to time, which will not attract any demurrage charges.

Form (14b)

Annual Tariff Proposal for Tariff Year 2018-19, 2019-20 & 2020-21
Air Side Tariff Proposal

MAXIMUM TARIFF FOR VARIOUS ELEMENTS OF CARGO HANDLING FOR AIRLINES CUSTOMERS AT PERISHABLE CARGO TERMINAL
MANAGED AND OPERATED BY MUMBAI CARGO SERVICE CENTER COLD CHAIN SOLUTION PRIVATE LIMITED

S. No	Charges	Unit	FY 2018-19		FY 2019-20		FY 2020-21	
			Rate	Remarks	Rate	Remarks	Rate	Remarks
1	Export Handling per Kg for Horticulture, Sea food and meat products including fruits, Vegetable and flowers	Per Kg	3.90	Subject to Minimum Chargeable weight of 500 Kgs per flight	4.84	Subject to Minimum Chargeable weight of 500 Kgs per flight	5.13	Subject to Minimum Chargeable weight of 500 Kgs per flight
2	Export Handling per Kg for all other products including Pharmaceuticals and Vaccine	Per Kg	2.93	Subject to Minimum Chargeable weight of 500 Kgs per flight	3.63	Subject to Minimum Chargeable weight of 500 Kgs per flight	3.84	Subject to Minimum Chargeable weight of 500 Kgs per flight
3	Demurrage: Perishable Cargo Storage beyond demurrage free period after acceptance	Per Kg	1.95	Subject to Minimum Chargeable weight of 100 Kgs per AWB *** Demurrage free period shall be as per government order issued from time to time	2.42	Subject to Minimum Chargeable weight of 100 Kgs per AWB *** Demurrage free period shall be as per government order issued from time to time	2.56	Subject to Minimum Chargeable weight of 100 Kgs per AWB *** Demurrage free period shall be as per government order issued from time to time
4	X-Ray screening and or physical examination incl	Per Kg	2.54	Subject to Minimum Chargeable weight of 500 Kgs per flight	3.14	Subject to Minimum Chargeable weight of 500 Kgs per flight	3.33	Subject to Minimum Chargeable weight of 500 Kgs per flight
5	Miscellaneous Charges (None of the above)	Per Kg	3.90	Subject to minimum charge of INR 1500 per AWB	4.84	Subject to minimum charge of INR 1500 per AWB	5.13	Subject to minimum charge of INR 1500 per AWB
6	Full HAWB data capture per HAWB	Per AWB	34	Per AWB	42	Per AWB	44	Per AWB
7	Dry Ice check list charges	Per AWB	910	Per AWB	1128	Per AWB	1196	Per AWB
8	DGR acceptance fee	Per AWB	1820	Per AWB	2257	Per AWB	2392	Per AWB
9	DGR-Fee, in case shipment above 20 pieces	Per Additional Unit	65	Per Additional Unit	81	Per Additional Unit	85	Per Additional Unit
10	Special Handling (Pharmaceutical, to maintain product temperature on request by shipper/airline)	Per Unit	2600	Per Unit	3224	Per Unit	3417	Per Unit
11	ULD cleaning/unit	Per Unit	6500	Per Unit	8060	Per Unit	8544	Per Unit

For MUMBAI CARGO SERVICE CENTER COLD CHAIN SOLUTIONS PRIVATE LIMITED.

Note :

- Demurrage will be applicable to Airlines if custom cleared cargo is stored in the warehouse beyond the free period in case of export cargo
- Handling rates provided above are inclusive of handling services including physical handling, **Authorized Signatory** handling and IT handling
- Charges will be on "Gross Weight" or the "Chargeable Weight" of consignment, whichever is higher. Where ever the "Gross Weight" and (or) volume weight is wrongly indicated on the AWB and is actually found more, charges will be levied on the actual gross weight or the actual volumetric weight whichever is higher.
- In case of premium service request, such service shall be provided at a premium of 25% over normal handling rates.
- Miscellaneous Charges includes special service requests from the customers other than the services already mentioned in the above tariff chart.