



कॉनकॉर एअर लिमिटेड

(भारत सरकार का उद्यम)

CONCOR AIR LIMITED

(A Govt. of India Enterprise)

(A fully owned subsidiary of CONCOR, Ministry of Railways)

Santacruz Air Cargo Terminal (SACT),
Near Milan Subway, Off. Western
Express Highway, CTS No. 2085,
Vile Parle (E), CSMIA, Mumbai - 99
Tel.: 022-26164631,32,35
Fax : 022-26164637

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21/10/21

18.10.2021

सचिव
[Signature]

To,
The Chairperson
Airports Economic Regulatory Authority of India (AERA)
AERA Building, Administrative Complex
Safdarjung Airport, New Delhi - 100 003

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

प्राप्त
डायरी नं० 16323
तारीख 20/10/2021

Dear Sir,

Sub: Comments on the Consultation Paper released for determination of Cargo Handling Charges for M/s CONCOR Air Limited at CSMIA Mumbai for 3rd Control Period (FY 2021-22 to FY 2025-26)

Ref: Consultation Paper No. 19/2021-22 dated 07.10.2021

CONCOR Air Limited (CAL) would like to express its gratitude for considering its proposal for tariff revision of Cargo Handling Charges for its SACT facility at CSMIA Mumbai for 3rd Control Period (FY 2021-22 to FY 2025-26). CAL would like to submit its comments on the Consultation paper wherein AERA has proposed a hike of 15% in FY 2022-23 and 10% each in 3 subsequent FYs thereafter.

CAL submits the following grounds for kind consideration and humbly requests for hike in tariff revision accordingly:-

1.Revenue from Rentals and interest on FD has been taken under Regulated Revenue

In the Consultation paper, AERA has taken the revenue earned by CAL on Office Space and interest on Fixed Deposits as Regulated Revenue. It may kindly be noted that the rentals are for the office space and not related to the Operational activities. The operational activities are carried out at the Warehouse and the office space is allocated at the 1st Floor. Further, CAL has maintained the Flexi Fixed Deposits with the Banks and earn interest on the income. The interest income is again not related to Operations i.e., both the income heads should be under other than regulated services.

2.Return of 5% on Security Deposit

It may kindly be noted that CAL has to pay the Security Deposit to MIAL as per the Concession Agreement. Had this money been available, CAL would have invested the money in the business earning a return on the asset and not in Fixed Deposit. Hence, it is requested that the return Security Deposit may be considered as an opportunity cost to CAL. The return on the Security Deposit may be calculated inline with the return on Average RAB.

3. 14% return on Average RAB

CAL had proposed a return of 18% on the RAB. However, AERA in its consultation paper has considered a return of 14% on the Average RAB. It may kindly be noted that AERA in our tariff order in FY 2018-19 had considered a return of 16% on the Average RAB. It is requested that atleast a return of 16% on the Average RAB along with the Security Deposit may please be considered as a reasonable return on the investment of CAL.

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Secy on board

अ/सचिव

Adm(GS)



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4. Recovery of losses incurred by CAL in FY 2020-21 & 2021-22

It may please be noted that CAL has incurred huge losses 2020-21 for Rs. 3.69 Crore. Further, as AERA has deferred the hike proposed in 2021-22 to 2022-23, CAL would be incurring a loss in FY 2021-22 too of an estimated amount of Rs. 2.59 Crore as per projections in Table 22 of the Consultation Paper. It is requested that as per AERA Guidelines, CAL should be allowed to recover the losses.

The revised calculation seeking a hike is calculated under Annexure A to the note.

In view of the above submissions, it is humbly requested to kindly consider our request for a hike of 33.50% in FY 2022-23 and subsequent hike of 15% each in the FY 2023-24, FY 2024-25 and FY 2025-26 of 3rd Control period for a reasonable return to CONCOR Air Limited as to make SACT a financially feasible project in the mutual interest of the stakeholders and the custodian.

Thanking you,

Yours' faithfully,
For CONCOR Air Limited

Atul Rane
18/10/24
Atul Rane, IRTS
Chief Executive Officer

Cc: Sr. VP (Cargo)/MIAL
VP (Regulatory)/MIAL

ANNEXURE - A

CAL PROPOSAL ON CONSULTATION PAPER RELEASED BY AERA - FINAL

(in Lacs)

	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
Average RAB	1828	1513	1082	650	242	
Security Deposit	1058.00	1058.00	1476.53	1775.33	2135.47	
Return on RAB	16%	16%	16%	16%	16%	
Return on SD	16%	16%	16%	16%	16%	
Total Return	461.76	411.36	409.36	388.05	380.39	2050.93
O&M Expense Excl. Concession Fee	2602.15	2933.93	3229.88	3558.77	3277.29	15602.02
Concession Fee on Regulated Revenue - Operations	1902.85	2823.45	3409.32	4116.76	4142.49	16394.88
Concession fee incl. revenue from other than regulated service	2021.74	2953.06	3550.66	4270.93	4287.43	17083.83
Depreciation	449	450	447	477	399	2222
Tax	0	16.58	308.66	468.67	564.88	
FY 20221-22 losses		628.56				
ARR per year	5415.76	7263.89	7804.23	9009.26	8764.06	38257.19
Discount Rate	16%	16%	16%	16%	16%	
PV Factor	1	0.86	0.74	0.64	0.55	
PV of ARR	5415.76	6261.97	5799.81	5771.85	4840.31	28089.71
Total Revenue from Operations (At current rate)	4530.60	5034.00	5285.70	5549.99	4856.24	25256.53
PV of Total Regulated Revenue from Operations (At Current Rate)	4530.60	4339.66	3928.14	3555.64	2682.06	19036.09
Tariff Increase	0%	33.54%	15.00%	15.00%	15.00%	
Revised Revenue from Operations with Tariff Increase	4530.60	6722.51	8117.43	9801.81	9863.07	39035.42
Revenue from other than Regulated Services	283.07	308.59	336.51	367.08	345.11	1640.36
Profit	-259.22	694.11	1226.41	1862.19	2244.45	
set off of loss	-369.00	-628.22	0.00	0.00	0.00	
total set off	-628.22					
tax	0.00	16.58	308.66	468.67	564.88	
PV Factor	1.00	0.86	0.74	0.64	0.55	
PV of Revised Revenue from Operations with Tariff Increase	4530.60	5795.27	6032.57	6279.60	5447.28	28085.33

R. Amrithan

CFO / CAL