

AIRPORTS ECONOMIC REGULATORY AUTHORITY OF INDIA

**Minutes of the Stakeholders Consultation Meeting held on
4th October, 2018 at 11:00 AM**

**CONSULTATION PAPER NO.16/2018-19 DATED 14.09.2018 IN THE
MATTER OF DETERMINATION OF AERONAUTICAL TARIFFS IN RESPECT
OF KANNUR INTERNATIONAL AIRPORT (KIAL) 1ST CONTROL PERIOD
(FY. 01.04.2018 TO 31.03.2023)**

Stakeholder Consultation Meeting was convened by the Authority on 04.10.2018 at 11.00 AM in the Board Room, second floor, AERA Building, Administrative Complex, Safdarjung Airport, New Delhi to elicit the views of the stakeholders on Consultation Paper no. 16/2018-19 dated 14.09.2018 issued by Authority to consider the Aeronautical Tariff Proposal for the 1st control period (FY.2018 -19 to FY. 2022-23) in respect of Kannur International Airport. The list of participants is enclosed at **Annexure-I**.

2. The Chairman, AERA welcomed all the participants and the stakeholders to give their views on the Consultation Paper.

KANNUR INTERNATIONAL AIRPORT

3. Shri Jayakrishnan S., Chief Financial Officer and Shri Shibu Kumar, Chief Project Engineer, Kannur International Airport gave a presentation on Kannur Airport comprising Airport Structure, Objectives, Location of Kannur Airport, Key Facilities, proposed commercial activities and the proposals of Airlines to operate from Kannur. KIAL proposes to operationalize the airport from December, 2018. They also requested the Authority to consider the following:

- (a) Reasonable return on Land – as this forms part of the Asset Base of the Airport and land contribution has been considered as equity contribution made by Government of Kerala
- (b) KIAL proposes to extend the runway from 3050 m to 3400 m and requested to the Authority to consider the cost of extended portion in RAB as it has the approval of board and is also scheduled to be completed in this CP.
- (c) To consider the expected cost of CISF, since the PSF collections will be inadequate to cover the costs.

4. **Bharat Petroleum Corporation Ltd. (BPCL)**

Shri Vijay Ranjan, GM (Operations), from BPCL attended. He informed that BPCL is the operator of Fuel Farm Facility at Kannur Airport.



5. **Federation of Freight Forwarders Association of India (FFFAI)**

Shri Vipin Vohra, from FFFAI attended and stated that the airport should ensure that adequate arrangements are made for cargo operations and also obtain all required clearances etc.

In response, Shri Shibu Kumar from KIAL informed that the work on the construction of cargo complex has been awarded and the custom clearance will be received shortly.

KIAL was requested to obtain all necessary clearances for operation of Cargo Terminal.

6. **Federation of Indian Airlines (FIA)**

Shri Ujjawal Dey, FIA asked about the RCS status of Kannur International Airport and about the cross subsidy for RCS flights. He also enquired regarding the rationale for allowing cost of equity @ 16% whereas the Authority has allowed 14% for similarly structured Cochin Airport.

Chairperson AERA, clarified that the Authority has allowed 16% as cost of equity, as being a new airport, the risk factor was higher for Kannur. He also clarified that no cross subsidy has been considered in the CP for RCS flight.

7. **Indigo**

Shri Dushyant Deep, Indigo requested for clarity on the shortfall for calculated in CP.

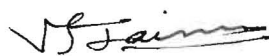
Ms. Seethalakshmi, Consultant, PKF on behalf of KIAL explained that the revenue expected from proposed tariff is lower than the Aggregate Revenue Requirement of the Airport and hence shortfall is proposed.

8. **BIAL**

Shri Bhaskar V., GM, BIAL attend but did not offer any comments on the CP.

9. Chairperson, AERA thanked all the stakeholders for participation and requested them to furnish their comments / views on the consultation paper within the stipulated timeline. Talking into account the extend of stake for extension of timeline for submission of comment, the same was extended till 12.10.2018.

The meeting ended with a vote of thanks to the chair.


(Jaimon Skaria)
Sr. Mgr. (F)
16.10.2018

List of Participants

AERA

1. Shri S. Machendranathan, Chairperson - In Chair
2. Shri Subrata Samanta, Member
3. Shri Sudhir Raheja, Member
4. Ms. Puja Jindal, Secretary
5. Shri Jaimon Skaria, Manager (Fin)

Kannur International Airport Ltd.

6. Shri Jayakrishna S., Chief Financial Officer,
7. Shri Shibu Kumar, Chief Project Engineer,
8. Shri Devinder Singh, Liaison Officer.

Bharat Petroleum Corporation Ltd.

9. Shri Prashant M Kamath, AM(West)
10. Shri Vijay Ranjan, GM (Operation & JVs)
11. Shri Sameet Pai.

FFFAI

12. Shri Vipin Vohra

FIA

13. Shri Ujjwal Dey

Indigo

14. Shri Dushyant Deep

BIAL

15. Shri Bhaskar V., General Manager

BDO

16. Jeetu Baratha

E&Y

17. Shri Surabh Kataria, Partner
18. Ms. Sangeeta Singh