



Airports Economic Regulatory Authority of India

IN THE MATTER OF DETERMINATION OF TARIFF 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.

31st December, 2020

AERA Building
Administrative Complex
Safdarjung Airport
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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 11th 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 1st 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.
- 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 AAICLAS submitted its proposal for determination of tariff for General & Courier Cargo Services rendered by them at Netaji Subhash Chandra Bose (NSCB) International Airport, Kolkata, for the first Control Period for which the Authority issued Consultation Paper No.33/2020-21 on 17.09.2020.
- 1.7 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

Particulars	Details
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. 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 and 10.08.2020.
- 2.5 In its submissions AAICLAS proposed that the 1st 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, AAICLAS proposed that shortfall/surplus (in ARR) pertaining to prior period FY 2017-18 & FY 2018-19 be carried over and added to the revenue requirement for future projections for the years FY 2019-20 to FY 2023-24.

2.7 Salient features of AAICLAS MYTP Submissions for Kolkata Airport are as under:

- (i) AAICLAS had submitted its proposal for determination of cargo tariffs under 'price cap approach.'
- (ii) AAICLAS had submitted its proposal assuming the effective date of tariffs as 01.04.2020;
- (iii) The Initial RAB as on 01.04.2017 is stated to be Rs.1377.24 lakhs;
- (iv) AAICLAS proposed CAPEX (Additions to RAB) of Rs. 20567.68 lakhs during the 05 year period FY2020 to FY2024;
- (v) Based on audited financial statements, AAICLAS considered Depreciation on Initial RAB as per rates prescribed under Companies' Act, 2013 to arrive at the Opening RAB as on 01.04.2019. The same rates are adopted and applied for future projections, including the proposed Additions to RAB.
- (vi) AAICLAS submitted that the data for expenses, income and assets were trued up for FY 2017-18 & FY 2018-19;
- (vii) A combination of CAGR growth rate and CPI inflation index was considered for projection of O&M Expenditure.
- (viii) Apart from other Operational & Maintenance (O&M) Costs, a Concession Fee @ 30% of the Revenues has been considered on annual basis for the entire Control Period. AAICLAS 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.

AAICLAS also stated that as per the 'royalty capping' Order of AERA - Order No. 01/2018-19 'concession fee' expense is a 'pass through' for the purpose of determination of tariff to the extent of 30% of revenues.
- (ix) AAICLAS calculated 'Corporate Tax' as applicable under Income Tax Act 1961 that is @ 35% for FY 2018 & FY 2019 and later @ 25.17% (w.e.f. 01.04.2019) for FY 2020 to FY 2024.
- (x) AAICLAS 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. Therefore, for computation of target Aggregate Revenue Requirement (ARR) a target margin of 25% Profit after Tax (PAT) has been considered over and above costs.



AAICLAS submitted that the profit margin is in line with the margins earned by other competitors in the cargo sector. AAICLAS submitted that it considers Hyderabad and Bangalore Airports as fair competitors for its cargo business at Kolkata Airport and has submitted data to support the above.

- (xi) AAICLAS computed a shortfall in ARR of Rs. 2175.16 lakhs for pre-control period FY 2018 & FY 2019 and carried forward the same for ARR projections for balance period FY 2020 to FY 2024.

AAICLAS worked out the Present Value of ARR for FY 2019-20 to FY 2023-24 as Rs. 60935.68 lakhs out of which Rs. 39029.30 lakhs to be recovered in the 1st Control Period and the balance shortfall of Rs. 21906.38 lakhs was proposed to be carried forward to the next Control Period.

- (xii) AAICLAS submitted the figures of actual cargo handled up to FY 2018-19 and made future projections for FY 2020-FY2024 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").

- (xiii) Based on above assumptions AAICLAS had proposed the following tariff increases for its cargo operations at Kolkata Airport for the 1st Control Period in order to generate a profit of 25% post tax.

(a) 27.56% increase in tariffs for FY 2020-21;

(b) 3% increase in tariffs thereafter from FY 2021-22 till FY 2023-24.

Authority's Examination

2.8 As per the AERA Act, a period of 5 years constitutes one Control Period. The Authority examined the computations submitted by AAICLAS as per its own guidelines and policies and found that on the basis of actual revenues and expenses AAICLAS had earned a surplus in FY 2017-18 & FY 2018-19 and that there is no shortfall to be carried forward from the prior period. This is also explained subsequently in Chapter 10. The Authority, therefore, decides that the 1st Control Period for tariff determination for AAICLAS Kolkata will be the 5 years period from 01.04.2019 to 31.03.2024.

Decision No. 1 Regarding Multi Year Tariff Proposal

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



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_c) 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:

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



- 3.7 The Authority has decided 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_t is the Aggregate Revenue Requirement for year 't';

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

RAB_t is the Regulatory Asset Base for the year 't';

D_t is the Depreciation corresponding to the RAB for the year 't';

O_t is the Operation and Maintenance Expenditure for the year 't', which includes all expenditures incurred by the Service provider(s) including expenditure incurred on statutory operating costs and other mandate operating costs;

T_t is the corporate tax for the year 't' paid by the Service provider on the aeronautical profits;

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

NAR_t 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_t 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_t is the Traffic volume in a tariff year t as estimated by the Authority

- 3.7.1.3 ARR_t is the Aggregate Revenue Requirement for tariff year t.

- 3.7.2 While determining building blocks and ARR for AAICLAS, Kolkata Airport, the Authority decides 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.

Decision 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 has decided to determine Tariffs based on 'Price Cap Approach' for the 1st Control Period (FY 2020- FY 2024) under Single Till.



4. Pre-Control Period Tariff

- 4.1 AAICLAS vide letter no. ED/CARGO/1351/2018/471 dated 9th 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 31.12.2020 or date of this Order, whichever is earlier**);
- 4.3 The Authority has decided not to consider the prior period from FY 2017-18 to FY 2018-19 for the purpose of determination of tariffs for the 1st Control Period (FY2019-20 to FY 2023-24) for AAICLAS Kolkata Intl. Airport.

Decision No.3: Regarding Pre- Control Period

- 3.a **The Authority has decided not to consider the prior period from FY 2017-18 to FY 2018-19 for the purpose of determination of tariffs for the 1st Control Period (FY2019-20 to FY 2023-24) for AAICLAS Kolkata Intl. Airport.**



5. Cargo Volumes – Forecast for 1st 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 submitted that the 10-year CAGR of traffic handled by Kolkata airport from FY 2009-10 to FY 2018-19 was around 3.48% and the same reflects the future volume of business for this airport. AAICLAS had also stated that the cargo volumes data was 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
$CAGR = (B/A)^{(1/10)} - 1$	3.48%

- 5.5 The cargo volumes projected using the above CAGR of 3.48% 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: (At Consultation Stage)

- 5.6. The Authority examined the growth assumptions considered by AAICLAS for projection of cargo volumes for the 1st Control Period. The Authority observed that AAICLAS did not submit any break-up of volumetric projections separately for categories such as General/Courier/Perishable Cargo including sub-categories Domestic/International. The Authority further also considered the current situation prevailing due to the impact of COVID-19 global pandemic, the related government



restrictions on aircraft operations, both Domestic & International, and, viewed that it would be difficult to make an accurate assessment of the future cargo volumes for the entire control period at this instant. Although under normal circumstances the annual growth rate of 3.48% would be a conservative estimate, in the prevailing pandemic situation and considering the related uncertainty, the Authority, viewed that it may be reasonable to accept AAICLAS's assumption as per MYTP. Moreover, the Authority, also recognized that AAICLAS being a new Service Provider, will take some time to establish itself and expand its business to introduce new services and improve volumes.

Stakeholder Comments on CP regarding traffic projections:

In response to the CP no.33/2020-21 dated 17.09.2020, AAI submitted their response vide letter no. AAI/CHQ/Tariff/MYTP-R dated 13.11.2020 on the CP. Their comments are given below:

- 5.7. AAI has requested AERA to consider the COVID impact for future projections of cargo volumes and revenues;
- 5.8. AAI has submitted that the de-growth in cargo volumes as per AAI CPMS Data for the period April'20 to August'20 over the period April'19 to August'19 are as under:

International: -60%
Domestic: -44%
Combined: -51%

Authority's Examination & Decisions regarding Cargo Traffic Projections:

- 5.9 The Authority considered the 10 year CAGR of growth in cargo volumes considering the fact that the decline due to COVID impact and subsequent recovery in cargo volumes is expected to be better than aircraft and passenger movements. Further AAICLAS has not commented anything on the growth rate adopted in cargo volumes. In view of the same the Authority decides to maintain the traffic projections as made in the Consultation Paper. Truing up of actual cargo volumes will be done in the next Control Period and the impact of such change will be available to AAICLAS together with the carrying cost.
- 5.10 In view of the above, the Authority has decided to accept the assumption submitted by AAICLAS for adopting the 10 year CAGR of 3.48% for the purpose of volumetric projections for 1st Control Period.

Decision No. 4: Regarding Cargo Volume Forecast

- 4.a The Authority has decided to consider growth in cargo volumes @ 3.48% based on the 10 year CAGR as per Table-3 and the corresponding volumetric projections as per table-4 for the 1st Control Period for Kolkata Airport;
- 4.b The Cargo Volume (Intl. & Dom.) will be trued up on the basis of Actual Cargo Volumes handled in 1st Control Period while determining tariffs for the 2nd Control Period; AAICLAS is advised to compile volumetric data in this regard separately for categories such as general/courier/perishable cargo including domestic/international and submit along with yearly Annual Compliance Statements.



6. Regulatory Asset Base (RAB) & Depreciation

6.1 Initial RAB/ Opening RAB for 1st 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 in its MYTP submissions 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 year 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 arrived at the Opening RAB of Rs.1368.52 lakhs as on 01.04.2019.
- 6.1.3 M/s AAICLAS 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
RAB - FY 2017-18	<i>Depreciation rates as prescribed under Companies Act 2013 based on Audited Actuals</i>								
Initial RAB as on 01.04.2017 (A)	1128.72	214.97	0	0	24.73	2.23	6.59	0	1377.24
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



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	1163.87
RAB FY 2018-19	<i>Depreciation rates as prescribed under Companies Act 2013 based on Audited Actuals</i>								
Opening RAB for FY 2018-19 c/f (F)	717.85	415.69	0	9.72	1.24	13.46	5.90	0	1163.87
Additions during FY 2018-19 (G)	0	388.10	13.64	25.60	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
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
Closing RAB for FY 2018-19 (H)- (I)- (J)= (K)	556.55	754.19	12.73	28.30	1.24	10.29	5.21	0	1368.52
Opening RAB for FY 2019-2020 (K)									1368.52

Authority's Examination & Decision regarding Opening RAB for 1st Control Period

- 6.1.5 AAICLAS has stated the Initial RAB as on 01.04.2017 to be Rs.1163.87 lakhs as 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 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). Accordingly, the Authority, has decided to adopt the rate of depreciation as 14.29% for "furniture" and further on account of this variance re-computed the depreciation for FY 2018-19 and consequently the roll forward RAB.
- 6.1.8 Based on the above the Authority has decided to consider the Opening RAB as on 01.04.2019 as Rs.1368.13 lakhs as against Rs.1368.52 as computed by AAICLAS as shown in Table - 7:



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

Asset Category	Building & Civil Works	Plant & Machinery	Furniture & Fixtures	Office Equipment	Roads	Computers	Electrical Installation	Software	Total
RAB - FY 2017-18	<i>Depreciation rates as per Companies Act 2013 as per AAICLAS</i>								
Initial RAB as on 01.04.2017 (A)	1128.72	214.97	0	0	24.73	2.23	6.59	0	1377.24
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 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	5.9	0	1163.87
RAB - FY 2018-19	<i>Depreciation rates as per AERA Depreciation Policy</i>								
Opening RAB for FY 2018-19 (F) e/f	717.85	415.69	0	9.72	1.24	13.46	5.9	0	1163.87
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
Closing RAB for FY 2018-19 (H)-(I)-(J)= (K)	556.55	754.19	12.34	28.3	1.24	10.29	5.21	0	1368.13
Opening RAB for FY 2019-20 (K)									1368.13

6.2 Additions to RAB (CAPEX) for 1st Control Period

- 6.2.1 AAICLAS proposed Additions to RAB (CAPEX) of Rs.20567.68 lakhs for the 1st Control Period. AAICLAS 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 AAICLAS further proposed to fund the CAPEX through internal accruals and not to avail any debt for the projects planned.
- 6.2.3 The summary of CAPEX (asset-wise) proposed by AAICLAS as per initial submissions for the 1st Control Period may be seen 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
Total	2021.78	6,900.90	8,130.00	2,240.00	1,275.00	20,567.68

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 confirmed (via mail dated 25.05.2020) that no reduction is proposed in the originally planned CAPEX of Rs.20567.68 lakhs. However, considering the current prevailing situation AAICLAS has deferred the capitalization schedule of some major projects to later tariff years within the 1st Control Period, the total CAPEX proposed in each category of asset remaining the same.

6.2.5 After reassessment AAICLAS submitted their Revised CAPEX plan for 1st 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
Total	1,800.59	1,070.28	4,781.80	11,640.00	1,275.00	20,567.68

6.2.6 AAICLAS submitted that they currently operate their domestic cargo operations from the existing Old International Terminal of Kolkata Airport, and, therefore, a New Domestic Cargo Terminal is planned at an estimated cost 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 is now 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 is also deferred to FY 2022-23.

6.2.7 The Revised Capitalization Schedule (considering COVID impact) for major CAPEX planned (asset category wise) for the 1st Control Period as submitted by AAICLAS is summarized in Table-10:



Table No.10: Summary of Revised PDC of Major CAPEX Projects 1st Control Period as per 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 available at **Annexure-II**.

Authority's Examination at Consultation Stage:

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 had advised AAICLAS to review their CAPEX plans considering the impact of COVID19 pandemic. The Authority has noted that AAICLAS does not propose any reduction in the CAPEX of Rs.20567.68 for the 1st Control Period but has instead submitted a Revised Schedule deferring the capitalization dates of few CAPEX projects. The Authority has prepared a comparison of the Original vis-a-vis Revised CAPEX Plan, year-wise, for 1st Control Period, for monitoring the progress, as can be seen in table-11.



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

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

- 6.2.11 The Authority observed that in the revised /reassessed CAPEX Plan (refer Table 10 para 6.2.7) submitted by AAICLAS, the Capitalization date relating to construction of New Domestic Cargo Terminal, at an estimated cost of Rs.7000.00 lakhs, was deferred for FY 2022-23. The Authority had sought from AAICLAS the current status of the project and ascertained that it was still under planning stage. Based on the status confirmation, the Authority has assessed that AAICLAS may not be able to operationalize the Cargo Terminal in the 1st Control Period, due to the prevailing pandemic situation and other related factors that may affect the progress of the project. Accordingly, the Authority, had proposed not to consider the CAPEX of Rs.7000.00 lakhs at present and that it will consider the same as addition to RAB after the receipt of Capitalization Report from AAICLAS as and when the project is completed. Further, that in this regard, 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.
- 6.2.12 The Authority noted that AAICLAS is a new ISP and will need additional infrastructure to establish itself and to capitalize the market with new improved cargo services and accordingly the Authority had proposed to accept all other CAPEX projected by AAICLAS for the 1st Control Period excluding the New Domestic Cargo Terminal (Estimated Cost of Rs.7000 lakhs).
- 6.2.13 The Authority also proposed that in addition to normal true up with carrying costs, a penalty of 1% will be imposed by way of reduction from eligible ARR, if AAICLAS fails to meet the CAPEX projections as per Table-12 (for detailed list refer Annexure-II).

Stakeholder Comments in response to CP regarding Additions to RAB (CAPEX)

- 6.2.14 The Authority received comments from AAI vide letter no. AAI/CHQ/Tariff/MYTP-R dated 13.11.2020, and, AAICLAS vide letter no. AAICLAS/AERA/2020-21-01 dated 08.10.2020 on the Consultation Paper.

Comments of AAI

- 6.2.15 AAI has requested the Authority to consider the Domestic Cargo Terminal Capex cost of Rs.7,000 lakhs in FY 2023-24;
- 6.2.16 AERA has been requested not to impose the penalty of 1% in case AAICLAS fails to commission and capitalize the Capex projects on time;

Comments of AAICLAS

- 6.2.17 On AERA's proposal to impose penalty of 1% on proposed CAPEX plan if not spent as per the plan in addition to normal true up with carrying costs AAICLAS has stated that as per its understanding *"the price cap mechanism is already inherent with penalty at cost of FRoR, in case the service provider revenue exceeds ARR (which is after considering OPEX and Depreciation, etc.), further adding penalty may result in additional burden on the service provider."*



- 6.2.18 AAICLAS has commented that they submitted their MYTP based on certain assumptions and considering current business scenario where the business is evolving and business needs are changing every day, therefore, imposing penalty may not give flexibility to the Service Provider to revise the plan or cut certain CAPEX considering the new business needs.
- 6.2.19 Further, current pandemic situation and uncertainty prevailing in the aviation sector has burdened the sector with ambiguity in growth, traffic, cash flows & meeting day to day expenses (fixed cost), hence, adding penalty will discourage Service Provider to plan CAPEX.
- 6.2.20 AAICLAS has, therefore, requested AERA not to impose penalty considering flexibility to business and current pandemic.
- 6.2.21 AAICLAS has clarified that User Consultation was carried on with detailed presentation explaining the current facility and CAPEX planned to meet the proposed new facilities at the Airport Cargo Terminal. AAICLAS further submitted to the Authority the signed copy of the 'minutes' in this regard.

6.3 Authority's Examination on Stakeholders Comments:

- 6.3.1. The Authority observed that in the revised /reassessed CAPEX Plan (refer Table 10 para 6.2.7) submitted by AAICLAS, the Capitalization date relating to construction of New Domestic Cargo Terminal, at an estimated cost of Rs.7000.00 lakhs, was deferred for FY 2022-23. The Authority had sought from AAICLAS the current status of the project and ascertained that it was still under planning stage. Based on the status confirmation, the Authority, is of the firm view that AAICLAS may not be able to operationalize the Cargo Terminal in the 1st Control Period, due to the prevailing pandemic situation and other related factors that may affect the progress of the project. Accordingly, the Authority, has decided not to consider the CAPEX of Rs.7000.00 lakhs at this stage and will consider the same as addition to RAB after the receipt of Capitalization Report from AAICLAS as and when the project is completed. In this regard, 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.
- 6.3.2. The Authority has examined the comments raised by AAI, and, AAICLAS, on the imposition of penalty of 1% of the capital project cost, if AAICLAS fails to commission and capitalize the assets as proposed in their capital plan. The Authority notes that an opportunity was given to AAICLAS to undertake a review and submit their revised plan after assessing the prevailing pandemic situation and considering its impact during the Control Period, therefore, it expects that AAICLAS will adhere to the revised schedule and capitalize the various CAPEX projects on time.
- 6.3.3. Keeping in view the interest of the Users and other Stakeholders, the Authority, decides that it will reasonably assess the deviations from the revised capitalization schedule (Refer: Table-12 & detailed list as per Annexure-II), and, on merits, will consider reworking the RAB for the 2nd Control Period by reducing the RAB by 1% of the unspent cost of the capital works.
- 6.3.4 The Authority takes note of AAICLAS's comments in response to the CP assuring the Authority that during the Stakeholders' Consultation Meeting (held on 6th Jan, 2020) detailed presentation was held explaining the existing facilities and CAPEX planned to meet the proposed new facilities at the Airport Cargo Terminal. The signed copy of the 'minutes' submitted in this regard have been taken on record.
- 6.3.5 The Authority, therefore, having considered the Revised Capitalization Schedule for CAPEX and based on its review at para 6.3 above decides to allow the CAPEX of Rs.13567.68 Lakhs for the 1st Control Period. The details of aeronautical additions to RAB considered by Authority asset-wise for the 1st Control Period is given in Table-12:



Table No-12: Asset-wise Summary of Aeronautical CAPEX as per Authority for 1st Control Period (Rs. In Lakhs)

Additions to RAB	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	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
Total	1,800.60	1,070.28	4,781.80	4,640.00	1,275.00	13,567.68

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

6.4 Depreciation on RAB

6.4.1 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 computed depreciation for CAPEX of Rs.20567.68 lakhs as per Table -13:

Table-13: Depreciation as computed by AAICLAS for 1st 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	1,746.34
Plant and Machinery	82.16	101.16	110.66	142.32	161.32	597.61
Furniture & Fixtures	3.20	6.05	8.42	11.75	13.65	43.05
Office Equipment	7.80	10.65	16.35	22.05	25.85	82.71
Road	1.24	0.00	0.00	0.00	0.00	1.24
Computers	20.45	69.73	77.65	79.17	25.00	272.00
Electrical Installation	33.76	261.76	413.76	432.76	444.16	1,586.19
Software	1.06	218.75	252.08	268.75	82.28	822.92
Total	226.66	889.09	1,321.58	1,446.97	1,267.75	5,152.06

Authority's Examination at Consultation stage:

6.4.2 Based on its decision to allow CAPEX of Rs.13567.68 lakhs (table-12) 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. Accordingly, the depreciation computed by the Authority for 1st Control Period based on the revised capitalization schedule of AAICLAS is given in Table-14:



Table No-14: Depreciation for 1st 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	889.99
Plant and Machinery	82.16	101.16	110.66	142.32	161.32	597.61
Furniture and Fixtures	4.57	8.64	12.03	16.78	19.49	61.50
Office Equipment	7.80	10.65	16.35	22.05	25.85	82.71
Road	1.24	0.00	0.00	0.00	0.00	1.24
Computers	20.45	28.37	77.65	85.56	59.97	272.00
Electrical Installation	33.76	33.76	166.76	432.76	444.16	1,111.19
Software	1.06	218.75	252.08	268.75	82.28	822.92
Total	221.03	472.82	821.69	1,236.73	1,086.90	3,839.17

6.4.3 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	5152.06
Revised by Authority	221.03	472.82	821.69	1236.73	1086.90	3839.17
Difference	5.63	416.27	499.89	210.24	180.85	1312.89

6.3.4. Based on its decision regarding allowable Capex and the corresponding Revised Capitalization Schedule (Annexure-II) the Authority decides to consider Depreciation for the 1st Control Period as computed in Table-14;

6.5 Regulatory Asset Base (RAB)

6.5.1 Based upon its own analysis of the proposal and after verifying other material facts before it, and, further relying upon AAICLAS's audited financial accounts, the Authority, computed the Roll Forward RAB for the 1st Control Period.

6.5.2 Accordingly, considering the 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, the Authority has computed the Average RAB for the purpose of ARR for the 1st Control Period as per Table -16:



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

Particulars	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	Total
Opening RAB (A)	1368.13	2947.69	3545.16	7505.27	10908.54	26274.79
Additions (B)	1800.59	1070.28	4781.80	4640.00	1275.00	13567.68
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
Closing RAB (E)	2947.69	3545.16	7505.27	10908.54	11096.64	36003.00
Average RAB (A+B)/2	2157.91	3246.42	5525.21	9206.90	11002.59	

6.5.3 Accordingly, the Authority has decided to consider the Average RAB for the purpose of ARR for the 1st Control Period as per Table -16.

Decision No. 5: RAB, Additions to RAB & Depreciation

- 5.a The Authority decides to consider Opening RAB (as on 01.04.2019) for the 1st Control Period as per table-7 and to consider allowable aeronautical additions to RAB of Rs.13567.68 lakhs for 1st Control Period as per table-12.
- 5.b The Authority decides to consider Depreciation for 1st Control Period as per Table 14.
- 5.c The Authority decides not to consider the project cost of the New Cargo Domestic Terminal of Rs.7000.00 lakhs under “Additions to RAB” (CAPEX) and has accordingly excluded the same for ARR calculations for the 1st Control Period. The Authority, further decides that 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 2nd Control Period;
- 5.d The Authority, decides that it will reasonably assess the deviations from the revised capitalization schedule (Refer: Table-12 & detailed list as per Annexure-II), and, on merits, will consider reworking the RAB for the 2nd Control Period by reducing the RAB by 1% of the unspent cost of the capital works;
- 5.e The Authority decides to consider the Additions to RAB (aeronautical assets) during the 1st Control Period as given in Table-12 subject to ‘true-up’ based on actual aeronautical asset additions, and, the actual costs as per the tender, while determining the tariffs for the next Control Period.
- 5.f The Authority decides to consider the Average RAB for the 1st Control Period as per Table-16;
- 5.g To ‘True-up’ Average RAB based on the actual CAPEX incurred & Date Of Capitalisation of underlying assets in a given year at the time of determination of tariffs for the 2nd control period.



7. Fair Rate of Return (FRoR)

7.1 AAICLAS 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. Further, AAICLAS also submitted that it is a 100% subsidiary of AAI and has no debts presently.

Authority's Examination

7.2 The Authority noted that AAICLAS 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 does not optimize the cost of funds from a regulatory perspective. The Authority desires that the FRoR allowed to AAICLAS should come down over a period of time by optimizing the capital gearing. The Authority may also consider a normative capital structure to determine the FRoR at a later date. Considering its nascent stage, post de-merger, it may not be reasonable to expect AAICLAS to contract large amounts of debt over a short period of time.

7.3 The Authority has in the past considered FRoR at 14% for AAI Airports in the First Control Period based on the recommendations of a 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 for determination of aeronautical cargo tariff for 1st Control Period for AAICLAS at Kolkata Airport is given in table 17:

Table-17 : FRoR as per Authority for the 1st Control Period

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

Decision No. 6: Regarding Fair Rate of Return (FRoR)

- 6.a The Authority decides to consider FRoR @14% for AAICLAS Kolkata the 1st Control Period considering that it would have sufficient internal accruals to fund proposed additions to RAB during the Control Period and consequently no debts would be required.



8. Operating and Maintenance Expenses (OPEX)

8.1 AAICLAS submitted the Operation and Maintenance (O&M) expenditure 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 1st 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 1st 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%
YoY % increase	C=A*B	7.18%	7.72%	7.70%	7.62%	7.62%

*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"> AAICLAS projected an increase of 15.38% (Rs.225.30 lakhs) in employee benefit costs in FY2019-20 over previous year FY 2018-19 actuals; (i) Out of the above, 7.8% increase (Rs.105.16 lakhs) represents the YoY incremental Employee (Direct & Indirect) Benefit Costs as per assumptions given in Table-17a applied on actuals of FY 2018-19; (ii) The balance increase of 7.58% (Rs.120.14 lakhs) is on account of following: <ul style="list-style-type: none"> (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 (b) Cost of Hiring Contract Employees through Government e-Marketplace Portal at the wages determined by Ministry of Labour & Employment for categories such as Un-skilled, Semi/Skilled & 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;
Utilities and Outsourcing	<ul style="list-style-type: none"> 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. 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;



Item	Details / Assumptions
	<p><u>CISF / DGR Security</u></p> <ul style="list-style-type: none"> AAICLAS 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; 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;
Administration & Other expenses	<ul style="list-style-type: none"> 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) ; 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.

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
Total	700.50

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	10,500.88
Additional Chq Cost	700.50					
Total Cost	1,921.47	2,069.86	2,229.18	2,399.04	2,581.83	11,201.38
Share of Expenditure to Kolkata basis of the revenues	23.06%	23.06%	23.06%	23.06%	23.06%	
Chq Expenditure towards Kolkata Airport	443.1	477.32	514.07	553.23	595.39	2,583.11



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
Domestics 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 stated that the figures for Operation and Maintenance (“O&M”) expenses for FY 2016-17 and FY 2017-18 have been trued up.

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

Table No-22: Summary of Historical OPEX & Projections for 1st Control Period as per 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
Total O&M Costs	5,605.68	5,297.43	6,553.24	7,606.33	8,527.11	9,099.19	9,397.15	41,183.00

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 and clarifications provided subsequently.

8.7 The Authority, 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 submitted the following justification for the additional O&M costs of Rs.689.00 lakhs for FY 2019-20:

Particulars	FY2018-19 (Actuals)	FY2019-20 (Projection)
Operating Exp. (ref. table- 21 above)	1061.71	1061.71
Add: YoY 7.18%		6.22
Add: CISF Cost		464.00
Add: DGR security (Outsourced Activity)		185.00
Add: Ground Handling Support Services (Agency: JP Aviation)		40.00
Total		1826.93



- 8.8.1 Regarding deployment of CISF resources AAICLAS submitted justifications 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. AAICLAS also clarified that CISF deployment cost would be incurred by AAI initially, however, the cost would be subsequently recovered from AAICLAS on the basis of actual deployment of resources. The Authority, therefore, decides to provisionally accept the details of number of CISF /DGR personnel as per table-21 for projection purposes and decides to true up the “cost towards deployment of CISF” in the 2nd Control Period based on actual reimbursements made by AAICLAS to the AAI on this account.
- 8.8.2 Accordingly, the Authority decides to reconcile the expenditure on CISF later at the time of true up and decides to allow the cost projected by AAICLAS for the purpose of ARR.
- 8.8.3 The Authority, however, feels that the deployment of 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 Operator and not the Cargo Terminal Operator. 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 The Authority observed a similar increase of 11.36% YoY in the O&M costs in FY 2021-22 over the previous year projections which are different from the assumptions of YoY 7.70% as per table 17(a). In this regard, AAICLAS clarified that the increase is on account of Annual Maintenance Cost (AMC) for ICMS (Integrated Cargo Management System) Software used for recording of cargo information which is a vital component for performing Billing Services. AAICLAS also submitted that it has already awarded the AMC Contract in this regard on 7th Jan 2020 at the cost of Rs.32.82 Lakhs. In view of the clarifications the Authority has decided to consider the above AMC Cost for ARR computations for 1st Control Period.
- 8.10 Further, AAICLAS has also considered an amount of Rs.40.00 lakhs under Operating Expenses towards AMC cost for the proposed New Cargo Domestic Terminal in FY2021-22. The Authority has decided (ref: Chapter on RAB para 6.17) not to consider the CAPEX for the New Cargo Domestic Terminal in this Control Period, hence the related AMC cost of Rs.40.00 lakhs has also been excluded from the OPEX for computation of target ARR. The Authority, for making adjustments on this account from FY 2021-22 to FY 2023-24 of the Control Period, has decided to consider 5% YoY escalation instead of the index considered by AAICLAS (ref. table 17a) which appears to be on the higher side.
- 8.11 Based on the above decisions, the Authority, has computed the Operating Expenses for 1st Control Period as given in Table -23:

Table No-23: Operating Expenses for 1st Control Period as computed by Authority (Rs. in Lakhs)

Operating Expenses	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	Total
As per AAICLAS	1,826.93	1,968.03	2,191.51	2,358.50	2,538.20	10,883.17
Less : AMC cost (on Capex not allowed by Authority) ann.esc.@5%	0.00	0.00	-40.00	-42.00	-44.10	-126.10
As computed by Authority	1,826.93	1,968.03	2,151.51	2,316.50	2,494.10	10,757.07

- 8.12 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.
- 8.13 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.



- 8.14 The Authority revised the computation of “concession fee” based on its own computation of projected revenues for 1st Control Period (Ref. Chapter on ‘Revenue from Operations’). For ease of reference the computed “revenue” figures are reproduced in the Table below.

Table No-24 : Concession Fee considered by Authority for OPEX computation (Rs. in Lakhs)

Particulars	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	Total
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
Total Revenue (A)+(B)	7949.27	8225.91	8512.17	8808.39	9114.92	42610.66
Concession Fee @ 30% of Gross Revenue	2384.78	2467.77	2553.65	2642.52	2734.48	12783.20

- 8.15 The Authority will true up the ‘concession fee’ in the next Control Period based on the actual revenues earned and payments made to AAI on this account by AAICLAS.
- 8.16 Regarding ‘Apportionment of AAICLAS Headquarters expenses’ the Authority, noted that the expenses have been allocated on the basis of revenues earned by each airport. The Authority decided to accept the allocation considered by AAICLAS in this regard as it is consistent with the approach adopted by the Authority for determination of tariffs of its parent AAI, at other airports.
- 8.17 Based on the above decisions, the Authority, has computed Operations & Maintenance Expenditure (OPEX) as given in Table 25 and decides to consider the same for computation of target ARR for the 1st Control Period.

Table No-25: Projected OPEX for the 1stControl Period as per Authority’s Examination (Rs. in Lakhs)

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

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

- 7.a The Authority has decided to consider the Operational & Maintenance Expenditure as given in Table -25 for the purpose of determination of tariffs for 1st control period. The Authority has decided to consider CPI inflation as per table-17(a) as submitted by AAICLAS and also decides to true up the same during the 2nd Control Period based on the actual index applicable for the 1st Control Period;



- 7.b** The Authority decides to true up the O&M expenditure for the 1st Control Period based on the actuals at the time of determination of tariffs for the 2nd control period. The Authority will also true up the “concession fee” based on actuals payments to AAI.
- 7.c** The Authority decides to consider the CISF deployment Cost projected by AAICLAS for Kolkata Intl. Airport for 1st Control Period for the purpose of ARR calculations. The cost will be reconciled with actual bills later at the time of true up in the next Control Period.



9. Revenue from Operations : Regulated & Other than Regulated Services

- 9.1 As per Section 2(a) of AERA Act Cargo services are aeronautical services. M/s AAICLAS submitted the actual revenue details for FY2017-18 & FY2018-19 based on their audited financial statements. The details are summarized in the table -26:

Table No-26: Revenue (Actuals) for pre-control period submitted by AAICLAS

Particulars	(Rs. in Lakhs)	
	FY2017-18	FY2018-19
Revenue from regulated services (A)	7158.21	6260.60
Revenue from other than regulated Services (B)	933.21	1618.36
Total Revenue (A)+(B)	8091.42	7878.96

- 9.2 Further, for the purpose of projection of both volumetric growth and future revenues for Kolkata Intl. Airport, AAICLAS has considered the 10 year CAGR rate @ 3.48% per annum.

Table No-27 : Forecast revenues considered by AAICLAS for 1st Control Period

Particulars	(Rs. in Lakhs)					Total
	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	
Projected Revenues (incl. other income)	8153.15	8436.87	8730.48	9034.30	9348.69	43703.49

Authority's Examination

- 9.3 The Authority examined the assumptions made by AAICLAS on revenue projections and has decided to adopt the same @ 3.48% p.a. for its own computation of projected revenues for the 1st Control Period.
- 9.4 The Authority further decided to consider the actual revenues earned by AAICLAS during the prior period of FY18 & FY19 as the base for projections of future revenues for the 1st control period. Upon further examination, the Authority noticed that the revenue from "other than Regulated Services" showed a significant increase of 38.78% in FY 2018-19 over the previous year. On further scrutiny, it was observed that the Rent/Space Rent and Royalty revenues have been accounted under "other than regulated revenue." The details are summarized in Table-28:

Table No-28: 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)	933.21	1618.36

- 9.5 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, is of the view 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), therefore, the revenue



generated from such sources will 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.

- 9.6 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, considering that these are actuals based on audited financials the Authority has decided to consider the same on average basis in order to avoid any abnormal increase in projection of “misc. incomes” for future years. Further, in absence of details, the Authority has decided to consider 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.
- 9.7 On the basis of the above decisions, the Authority has adjusted the regulated/other than regulated revenue figures pertaining to FY 2017-18 & FY 2018-19 for the purpose of utilizing the same for making projections for the 1st control period. Details are given in Table-29.

Table No-29: Revenue considered by Authority for Projection purposes for 1st 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
Total Revenues (A) + (B) = (C)	8091.42	7878.96
<u>Calculation of Average – only for projection purpose</u>		
Miscellaneous Income (Average of FY 18 & FY 19) (D) * (182.61 + 576.65) / 2 = 379.63	379.63	379.63

- 9.8 The Authority, has accordingly decided to consider revenues for the 1st control period, taking the adjusted revenues figures in table-30 as the base, and, further applying the 10 year CAGR growth rate of 3.48% per annum as given in Table-30.

Table No-30: Projected Revenues before tariff determination as per the Authority 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 from regulated services [ref. table 34 (A)]	(1)	7556.43	7819.39	8091.51	8373.09	8664.48	40504.90
Revenue from other than regulated Services [ref. table 34 (D)]	(2)	392.84	406.51	420.66	435.30	450.45	2105.76
Total Proj. Revenues before tariff increase	(1)+(2)	7949.27	8225.91	8512.17	8808.39	9114.92	42610.66



Decision No. 8: Revenue from Operations

- 8.a** **The Authority has decided to consider revenues from space rent/rent & royalty from third parties in cargo terminal building as revenues from “regulated services” and consequently has excluded the same from “other than regulated services.”**
- 8.b.** **The Authority has decided to consider revenue projections as per Table No. 30 for the purpose of tariff determination of 1st Control Period for AAICLAS, Kolkata Airport.**
- 8.c** **The Authority will true up the Cargo Revenues based on actual Cargo Revenues earned during the 1st Control Period at the time of determination of tariffs for the Next Control Period.**



10. Taxation, Aggregate Revenue Requirement (ARR) and Shortfall Computation for 1st Control Period

10.1 TAXATION

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.

10.1.1 The Authority has computed tax expense for 1st Control Period as per Table-31:

Table no. 31: Tax expense as per Authority for 1st Control Period (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	9442.69	9771.3	10111.34
Aeronautical OPEX (excl. Depreciation)	6402.6	6795.89	7526.08	7983.32	8471.36
Depreciation	221.03	472.82	821.69	1236.73	1086.90
Profit before tax	1325.64	957.2	1094.92	551.25	553.08
*Tax rate (%)	25.168%	25.168%	25.168%	25.168%	25.168%
Tax for aeronautical services	333.63	240.91	275.57	138.74	139.20

* Finance Act 2019

** considering revenues estimated based on 11.5% increase in rates in FY 21-22

Decision No.9: Regarding Taxation

- 9.a The Authority decides to consider taxes for 1st control period as given in Table 31.
- 9.b The Authority will true up the tax expense in the 2nd Control Period based on the actual tax paid during the 1st Control Period.

10.2 ARR Computation for 1ST Control Period

- 10.2.1 AAICLAS had computed target ARR by including a 25% PAT to costs. In its submission, AAICLAS had 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 1st Control Period for Kolkata Airport.
- 10.2.2 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.
- 10.2.3 The ARR computation as submitted by AAICLAS Kolkata Intl. Airport for the 1st Control Period for Kolkata Intl. Airport is shown in Table 32:



Table No-32: ARR submitted by M/s AAICLAS for Kolkata as per MYTP for 1st 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
ARR Required [1] = [2] + [3]	8,621.27	8,266.03	9,411.45	18,049.25	17,412.34	18,646.05	19,652.56
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
Total Cost [2]	5,605.68	5,297.43	6,690.45	10,258.26	11,427.84	12,267.67	12,853.69
Profit Before Tax [3] = [1]-[2]	3,015.58	2,968.60	2,721.00	7,790.99	5,984.50	6,378.37	6,798.87
Tax [4]	860.27	902.09	368.14	1,647.30	1,631.42	1,716.86	1,885.73
Profit after Tax (PAT) [5] = [3]-[4]	2,155.32	2,066.51	2,352.86	6,143.69	4,353.09	4,661.51	4,913.14
Profit % to Revenue [6] = [5]÷[1] %	25%	25%	25%	34%	25%	25%	25%

Authority's Examination at Consultation Stage

10.3 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.

10.4 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. Accordingly, the Authority decides not to consider the pre-control period of FY 2017-18 & FY 2018-19 for tariff determination purpose. However, the Authority has proposed to consider the audited financial actuals for FY18& FY19 for projection purposes.



Stakeholder Comments on CP regarding ARR

Comments of AAI

- 10.5 AAI has requested AERA to consider a one-time increase of 20% in FY2021-22 instead of 11.5% as proposed in the Consultation Paper, and, resultant shortfall, if any, to be carried forward to the next Control Period.

Authority's Examination on Stakeholders Comment regarding ARR

- 10.6 Considering the adverse impact of COVID-19 pandemic affecting the aviation sector in general, the Authority has decided not to increase the tariff up to FY 2020-21 and further to allow a one-time increase of 11.5% during FY 2021-22 and thereafter maintain the same tariff level without any further increase for the remaining tariff years FY2022-23 & FY 2023-24 of the 1st Control Period.
- 10.7 Further, the Authority, noted an inadvertent error in the projection of future estimated revenue and consequently the amounts of 'concession fee' and 'tax' in its proposal. This has been corrected in this Order.
- 10.8 Accordingly, the calculations of ARR, estimated future revenues without any tariff increase, and, the required tariff increase to offset the deficit is given in Table-33. All cash flows are assumed to occur at the end of the year. Further all cash flows are discounted to 1st April 2020.

Table-33: Computation of Target ARR for 1st Control Period as per Authority (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	2915.10	3016.54	3121.52	13905.71
OPEX Total (1+2+3+4+5+6)= (7)	6623.63	7268.71	8430.06	9305.20	9646.38	41273.98
Return on Avg RAB (table-28) (8)	302.11	454.50	773.53	1288.97	1540.36	4359.46
Corp Tax Rate @ 25.168% (9)	0.25	0.25	0.25	0.25	0.25	
Tax (Liab. on revised revenue) (19)-(7)*(9) = (10)	333.63	240.91	323.90	188.75	190.95	
Net ARR (7)+(8)+(10) = (11)	7259.37	7964.12	9527.49	10782.91	11377.69	46911.58
Discount Rate (ref. FRoR table-17) (12)	14%	14%	14%	14%	14%	
PV Discount (13)	1.14	1.00	0.88	0.77	0.67	
PV ARR (11*(13)) = (14)	8275.69	7964.12	8357.44	8297.10	7679.62	40573.96
Revenue from regulated services (15)(a)	7556.43	7819.39	8091.51	8373.09	8664.48	40504.90
Revenue from other than regulated Services (15)(b)	392.84	406.51	420.66	435.30	450.45	2105.76
Total Revenues (before tariff increase) (a+b) = (15)	7949.27	8225.91	8512.17	8808.39	9114.92	42610.66
PV Revenue (15)*(13) = (16)	9062.17	8225.91	7466.81	6777.77	6152.31	37684.97
Discount Excess / (Deficit) (PV Rev - PV ARR) (16)-(14) = (17)	786.48	261.79	-890.63	-1519.33	-1527.30	-2888.99
Tariff Increase proposed by Authority (18)	0.00%	0.00%	14.89%	0.00%	0.00%	
Estimated Revenues after tariff increase (19)	7949.27	8225.91	9716.99	10055.14	10405.06	46352.38
Additional Revenues (after tariff increase) (19)-(15) = (20)	0.00	0.00	1204.83	1246.75	1290.14	3741.72
PV of Additional Revenues (21)	0.00	0.00	1056.86	959.34	870.81	2887.01



- 10.9 By considering the outcomes of the correct computations as per table-32 above, it is noted that a one-time increase of approx. 15% in FY 2021-22 will be required to meet the shortfall in ARR.
- 10.10 However, considering the adverse impact of COVID-19 pandemic affecting the aviation sector in general, the Authority has decided not to increase the tariff up to FY 2020-21 and further to allow a one-time increase of 11.5% during FY 2021-22 and thereafter maintain the same tariff level without any further increase for the remaining tariff years FY2022-23 & FY 2023-24 of the 1st Control Period. Consequently, the resultant shortfall of Rs.346.28 Lakhs in the eligible ARR (@11.5% increase in tariff as per table -34 in subsequent para) for the 1st Control Period will be carried over to the 2nd control Period.
- 10.11 Accordingly, the Authority proposes to true up all the elements of building block at end of the current control period and carry forward the shortfall/ excess collection to the next control period.
- 10.12 Based on above decisions the revised computation of estimated future revenues and the resultant shortfall in ARR for 1st Control Period is as per Table 33:

Table-34: Computation of Shortfall in ARR considering one-time increase @11.5% in tariffs in FY2021-22
(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	2832.81	2931.39	3033.40	13650.15
OPEX Total (1+2+3+4+5+6)= (7)	6623.63	7268.71	8347.77	9220.05	9558.26	41018.42
Return on Avg RAB (table-28) (8)	302.11	454.50	773.53	1288.97	1540.36	4359.46
Corp Tax Rate @ 25.168% (9)	0.25	0.25	0.25	0.25	0.25	
Tax (Liab. on revised revenue) (19)-(7)*(9) = (10)	333.63	240.91	275.57	138.74	139.20	
Net ARR (7)+(8)+(10) = (11)	7259.37	7964.12	9396.87	10647.75	11237.82	46505.93
Discount Rate (ref. FRoR table-17) (12)	14%	14%	14%	14%	14%	
PV Discount (13)	1.14	1.00	0.88	0.77	0.67	
PV ARR (11*(13) = (14)	8275.69	7964.12	8242.87	8193.10	7585.21	40260.98
Revenue from regulated services (15)(a)	7556.43	7819.39	8091.51	8373.09	8664.48	40504.90
Revenue from other than regulated Services (15)(b)	392.84	406.51	420.66	435.30	450.45	2105.76
Total Revenues (before tariff increase) (a+b) = (15)	7949.27	8225.91	8512.17	8808.39	9114.92	42610.66
PV Projected Revenue (15)*(13) = (16)	9062.17	8225.91	7466.81	6777.77	6152.31	37684.97
Discounted Surplus / (Deficit) (PV Proj. Rev - PV ARR) (16)-(14) = (17)	786.48	261.79	-776.05	-1415.33	-1432.90	-2576.01
Tariff Increase proposed by Authority (18)	0.00%	0.00%	11.50%	0.00%	0.00%	
Revised Revenues (after tariff increase) (19)	7949.27	8225.91	9442.69	9771.30	10111.34	45500.50
PV Revised Revenue (after 11.5% inc.) (19)*(13) = (20)	9062.17	8225.91	8283.06	7518.70	6824.87	39914.70
C/F Shortfall to 2nd Control Period (20)-(14)=(21)						-346.28

- 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 1st Control Period within the stipulated time for Authority's review.



Decision No.10: Regarding Aggregate Revenue Requirement (ARR):

- 10.a** The Authority has decided to consider the target ARR as calculated as per Table No. 33.
- 10.b** The Authority has decided the following increase in tariffs for the 1st Control Period:
- (i) Existing tariffs to continue till 31.03.2021;
 - (ii) Increase in tariffs @ 11.5% from FY 2021-22. Revised tariffs will be effective from 1st April, 2021.
 - (iii) No further increase in tariffs for FY 2022-23 & FY 2023-24.
- 10.d** The Authority has decided to allow AAICLAS to carry forward the shortfall of Rs. 346.28 lakhs to the next Control Period and also to true up the shortfall based on true up of all elements of building block and true up of actual earnings during the first Control Period.
- 10.e** AAICLAS shall submit the Annual Compliance Statements as per the Guidelines for all from FY 2019-20 to FY 2023-24 of the 1st Control Period along with the MYTP for the next Control Period.



11. ATP & Tariff for Cargo Services Approved 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.

11.1 The Authority has decided to allow the following increase in tariff for 1st Control Period:

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

Stakeholder Comments on CP regarding Tariff Card

AAICLAS Comments

11.2 Levy of X-Ray Machine Usage Charges / ETD usage charges;

AAICLAS has clarified that X-ray Machine Usage Charges have been prevalent for more than two decades and further that the revenue on account of X-Ray Machine Usage Charges at Export, TP & Domestic Cargo Terminals amounting to Rs.702.04 lakhs is included in the Actual Revenue figure of Rs.7878.97 Lakhs for FY2018-19 submitted by AAICLAS. However, this component is not specifically/separately reflected under the head "revenue from regulated services" by AAICLAS in its original MYTP submissions to AERA.

Since all the x-ray machines have been converted in to Dual Image Machines and ETD machines also placed additionally to meet the SCAS norms, the existing XBIS usage charges at = Re. 0.75 per kg with minimum of Rs.100/- per consignment proposed for revision to Re.1.00 per kg with minimum of Rs.150/- per consignment in the proposal submitted to AERA. The revenue already earned through x-ray charges have been included in the total revenue of Kolkata.

11.3 Commencement of International Courier Operations at Kolkata Airport:

AAICLAS has submitted that it has taken steps to establish International Courier (Exhibit-XIV- email dated 11.03.2017) handling facility for which permission was requested from AERA to apply the International Courier "Rate Card" which was readily available with AAI for application in the Non-AERA regulated Airports as earlier approved by the AAI Board. Accordingly, AERA had permitted the same for the interim period.

AAICLAS has submitted that they plan to commence the proposed Courier Terminal at Kolkata Airport in FY 2021. As a Custodian, AAICLAS is procuring required hardware and lease line connectivity to secure ECCS link from DG Systems. The Hardware procurement cost is estimated as Rs.211.48 lakhs for Kolkata, Trivandrum and Trichy Airports and additional hardware at Chennai for which tender action is in hand.

At Kolkata Airport, 2 Nos. of X-ray machines have already been positioned in the Courier Terminal and some development work is in progress on the Air Side of the Courier Terminal upon completion of which the Courier Terminal will be commissioned. No specific timelines or COD has been mentioned by AAICLAS.



11.4 Commencement of Regulated Agent Services (RA) at International as well as Domestic Air Cargo Terminals at Kolkata Airport:

AAICLAS has submitted that they have planned to commence Regulated Agent Services (RA) at International as well as Domestic Air Cargo Terminals at Kolkata Airport in which AAICLAS Screeners will be providing screening services for Airlines. The RA3 EU Validator survey has been completed during the month of November 2020 at Kolkata and Chennai Airports. In support of the above AAICLAS have submitted copy of approval of BCAS vide letter No. CAS/7(23)/2019/DiV/1/M/s AAI Cargo Logistics and Allied Services Co. Ltd./RA (E-153193) dated 13.05.2019 declaring RA status to M/s AAICLAS (Ref: Exhibit-III annexed to letter dt.01.12.2020). Accordingly, AAICLAS has requested AERA to approve the proposed charges Regulated Agent Services in the tariff card submitted as part of their Stakeholders' comments for Scheduled as well as Non Scheduled Airlines.

Authority's Examination & Decision on Stakeholders Comments regarding Tariff Card

11.5 Commencement of International Courier Operations

It is noted that AAICLAS vide letter no. ED/CARGO/1351/2018/471 dated 9th 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 regular determination of tariffs.

The Authority observes that AAICLAS in its latest submissions has revealed that the courier terminal operations are yet to commence and work relating to procurement of related equipment is in tender stage and building infrastructure is still in progress presently. Further, no specific timelines or COD for the proposed courier terminal has been mentioned by AAICLAS in their submissions.

In view of the above facts, the Authority has decided not to allow AAICLAS to collect any tariffs for courier cargo services at Kolkata International Airport. Further, AAICLAS is advised to submit a separate proposal (ATP) at the time of actual commencement of International Courier Cargo Services. Further, the ad hoc tariffs approved in the interim in this regard by the authority vide Order No. 04/2018-19 dated 14th May, 2018 stands withdrawn.

11.6 Commencement of Regulated Agent Services (RA)

The Authority observes that AAICLAS made no mention of the proposal to commence Regulated Agent Services at Kolkata Airport in its MYTP submissions and moreover did not also include any volumetric / revenue projections relevant to the proposed services. Therefore, the Authority, in the absence of any concrete proposal, is unable to consider the request of AAICLAS in this regard. Accordingly, the Authority has decided not to allow AAICLAS to collect any tariffs for Regulated Agent Services at Kolkata International Airport.

11.7 Levy of X-Ray Machine User Charges

The Authority observed that the revenues from X-Ray Machine User Charges is not specifically/separately reflected under the head "revenue from regulated services" by AAICLAS in its original MYTP submissions to AERA. However, as per the clarifications submitted by AAICLAS, they had only omitted this aspect in their MYTP submissions although the revenue on account of x-ray machine usage charges at Export, TP & Domestic Cargo Terminals amounting to Rs.702.04 lakhs is included in the Actual Revenue figure of Rs.7878.97 Lakhs for FY 2018-19 submitted by AAICLAS. The Authority noted that the figures of Actuals of FY 2018-19 has been used for future projections for the first control period for the purpose of determination of tariffs and



as such has decided to allow AAICLAS to levy and collect the proposed X-Ray Machine User Charges as per the approved Tariff Card annexed to this Order.

Accordingly, the item-wise tariff card approved by the Authority for the 1st Control Period is annexed as **Annexure-I** to this Order. It may be noted that “**demurrage free period**” shall be as per Government Orders issued from time to time.

Decision No. 11: Regarding Tariff Card:

- 11.a** The Authority, decides that it will consider the tariff for Air Cargo Inspection System (ACIS), Regulated Agent services, and, International Courier Operations, once the same are implemented at Kolkata International Airport, and, upon receipt of a separate proposal (ATP) in this regard from AAICLAS as and when new services are made operational.



12 SUMMARY OF DECISIONS

Decision No. 1 Regarding Multi Year Tariff Proposal.....8

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

Decision No.2 Regarding Regulatory till & Methodology for Tariff Determination.....10

- 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 has decided to determine Tariffs based on 'Price Cap Approach' for the 1st Control Period (FY 2020- FY 2024) under Single Till.

Decision No.3 Regarding Pre- Control Period.....11

- 3.a The Authority has decided not to consider the prior period from FY 2017-18 to FY 2018-19 for the purpose of determination of tariffs for the 1st Control Period (FY2019-20 to FY 2023-24) for AAICLAS Kolkata Intl. Airport.

Decision No.4 Regarding Cargo Volume Forecast.....13

- 4.a The Authority has decided to consider growth in cargo volumes @ 3.48% based on the 10 year CAGR as per Table-3 and the corresponding volumetric projections as per table-4 for the 1st Control Period for Kolkata Airport;
- 4.b The Cargo Volume (Intl. & Dom.) will be trued up on the basis of Actual Cargo Volumes handled in 1st Control Period while determining tariffs for the 2nd Control Period; AAICLAS is advised to compile volumetric data in this regard separately for categories such as general/courier/perishable cargo including domestic/international and submit along with yearly Annual Compliance Statements.

Decision No.5 RAB/Additions to RAB & Depreciation.....23

- 5.a The Authority decides to consider Opening RAB (as on 01.04.2019) for the 1st Control Period as per table-7 and to consider allowable aeronautical additions to RAB of Rs.13567.68 lakhs for 1st Control Period as per table-12.
- 5.b The Authority decides to consider Depreciation for 1st Control Period as per Table 14.
- 5.c The Authority decides not to consider the project cost of the New Cargo Domestic Terminal of Rs.7000.00 lakhs under "Additions to RAB" (CAPEX) and has accordingly excluded the same for ARR calculations for the 1st Control Period. The Authority, further decides that 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 2nd Control Period;
- 5.d The Authority, decides that it will reasonably assess the deviations from the revised capitalization schedule (Refer: Table-12 & detailed list as per Annexure-II), and, on merits, will consider reworking the RAB for the 2nd Control Period by reducing the RAB by 1% of the unspent cost of the capital works;
- 5.e The Authority decides to consider the Additions to RAB (aeronautical assets) during the 1st Control Period as given in Table-12 subject to 'true-up' based on actual aeronautical asset additions, and, the actual costs as per the tender, while determining the tariffs for the next Control Period.



- 5.f The Authority decides to consider the Average RAB for the 1st Control Period as per Table-16;
- 5.g To 'True-up' Average RAB based on the actual CAPEX incurred & Date Of Capitalisation of underlying assets in a given year at the time of determination of tariffs for the 2nd control period.

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

- 6.a The Authority decides to consider FRoR @14% for AAICLAS Kolkata the 1st Control Period considering that it would have sufficient internal accruals to fund proposed additions to RAB during the control period and consequently no debt would be required.

Decision No.7 Regarding O&M Expenses (OPEX).....29

- 7.a The Authority has decided to consider the Operational & Maintenance Expenditure as given in Table -25 for the purpose of determination of tariffs for 1st control period. The Authority has decided to consider CPI inflation as per table-17(a) as submitted by AAICLAS and also decides to true up the same during the 2nd Control Period based on the actual index applicable for the 1st Control Period;
- 7.b The Authority decides to true up the O&M expenditure for the 1st Control Period based on the actuals at the time of determination of tariffs for the 2nd control period. The Authority will also true up the "concession fee" based on actuals payments to AAI.
- 7.c The Authority decides to consider the CISF deployment Cost projected by AAICLAS for Kolkata Intl. Airport for 1st Control Period for the purpose of ARR calculations. The cost will be reconciled with actual bills later at the time of true up in the next control period.

Decision No.8 Revenue from Operations.....33

- 8.a The Authority has decided to consider revenues from space rent/rent & royalty from third parties in cargo terminal building as revenues from "regulated services" and consequently has excluded the same from "other than regulated services"
- 8.b. The Authority has decided to consider revenue projections as per Table No. 30 for the purpose of tariff determination of 1st Control Period for AAICLAS, Kolkata Airport.
- 8.c The Authority will true up the Cargo Revenues based on actual Cargo Revenues earned during the 1st Control Period at the time of determination of tariffs for the Next Control Period.

Decision No.9 Regarding Taxation.....34

- 9.a The Authority decides to consider taxes for 1st control period as given in Table 31.
- 9.b The Authority will true up the tax expense in the 2nd Control Period based on the actual tax paid during the 1st Control Period.

Decision No.10 Regarding Aggregate Revenue Requirement (ARR).....38

- 10.a The Authority has decided to consider the target ARR as calculated as per Table No. 33.
- 10.b The Authority has decided the following increase in tariffs for the 1st Control Period:



- (i) Existing tariffs to continue till 31.03.2021;
- (ii) Increase in tariffs @ 11.5% from FY 2021-22. Revised tariffs will be effective from 1st April, 2021.
- (iii) No further increase in tariffs for FY 2022-23 & FY 2023-24.

10.c The Authority has decided to allow AAICLAS to carry forward the shortfall of Rs. 346.28 lakhs to the next Control Period and also to true up the shortfall based on true up of all elements of building block and true up of actual earnings during the first Control Period.

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

Decision No.11 Regarding Tariff Card.....41

11.a The Authority, decides that it will consider the tariff for Air Cargo Inspection System (ACIS), Regulated Agent services, and, International Courier Operations, once the same are implemented at Kolkata International Airport, and, upon receipt of a separate proposal (ATP) in this regard from AAICLAS as and when new services are made operational.

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AERA

ORDER

- 12.1 In exercise of powers conferred by Section 13(1) (a) of the AERA Act, 2008, and based on the above decisions the Authority hereby determines the aeronautical cargo tariffs for AAICLAS at Kolkata International Airport for the 1st Control Period from FY 2019-20 to FY 2023-24 effective from 1st November 2020 and the rate card so arrived has been annexed as **Annexure-I** to this Order. The rates approved herein are ceiling rates, excluding taxes, if any, and, as applicable.

By the Order of and in the name of the Authority


(Col. Manu Sooden)
Secretary

To,

Shri K. Selvakumar, COO
AAI CARGO LOGISTICS & ALLIED SERVICES COMPANY LTD. (AAICLAS)
Belmen Hanger – 1, Hangar Building,
Safdarjung Airport, New Delhi – 110003.

Copy to: Secretary, Ministry of Civil Aviation, Rajiv Gandhi Bhawan, Safdarjung Airport, New Delhi – 110003.



ANNEXURE-I**AERA APPROVED TARIFF CARD**

For AAI Cargo Logistics and Allied Services Company Limited (AAICLAS), providing Cargo Services at Netaji Subhas Chandra Bose International Airport, Kolkata for the 1st Control Period (01.04.2019 to 31.03.2024)

NOTE: The rates approved herein are ceiling rates, excluding taxes, if any, and, as applicable. "Demurrage Free Period" shall be as per Government Orders issued from time to time;

1.1 Export Cargo

Terminal, Storage & Processing charges					
		Existing Rates valid up to 31.03.2021		Rates applicable w.e.f. 01.04.2021 to 31.03.2024	
Sr. No.	Type of Cargo	Rs. Per Kg	Minimum Rate per Consignment	Rs. Per Kg	Minimum Rate per Consignment
1.	General	0.91	160.00	1.01	178.40
2.	Special & Valuable	1.79	305.00	2.00	340.08
3.	Perishable	0.91	160.00	1.01	178.40
Demurrages charges (leviable from shippers)					
Sr. No.	Type of Cargo	Rs. Per Kg	Minimum Rate per Consignment	Rs. Per Kg	Minimum Rate per Consignment
1.	General	0.93	160.00	1.04	178.40
2.	Special & Valuable	1.86	305.00	2.07	340.08
3.	Perishable	0.93	160.00	1.04	178.40

NOTES: [Export Cargo]

- The free period for export cargo shall be 12 hours, or as applicable based on the government regulations, for examination/processing by the Shipper
- 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 and handing over to Airlines/Terminal Operator, wherever it is applicable. In case AAICLAS is unable to provide equipment for loading/unloading of Over Dimensional Cargo (ODC), the same criteria will be followed.
- 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. No XBIS/ETD usage charges will also leviable on these shipments.
- Terminal, Storage and processing charges are inclusive of Forklift charges wherever Forklift usage is involved. No separate Forklift charges will be levied.
- Special cargo consists of live animals, hazardous goods and valuable cargo.
- 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.
- 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 positive 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%. (For any variation, all the documents/ records to be invariably amended). No weight variation acceptable in the case of VAL consignments.

- h) 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.
- i) Terminal Operator shall levy packing/repacking charges @ 2% of packages per shipping bill with a minimum of INR20/= per Airway Bill. Packing / Repacking charges will be at INR10/= per packet. (There will not be year on year increase till next revision takes place)
- j) XBIS usage charge is Re.0.83/= per kg subject to minimum of INR 112/= per shipment. The same is applicable at 50% per kg subject to minimum of INR 100 per ODC shipment where physical check with the help of ETDs are facilitated. However, in random check cases in ETDs by Airlines after scanning through XBIS, no charges to be levied for usage of ETDs. (There will not be year on year increase till next revision takes place)
- k) The export TSP charges paid in advance through online by the shippers/agents will be refunded in case the export cargo is not physically brought to the Air Cargo Terminal for processing on the same day subject to retention of minimum rate per consignment of General/Special/Valuable cargo respectively. Proportionate applicable GST on minimum rate will also be retained.
- l) For the export cargo withdrawal from examination area, withdrawal Demurrage charges will be collected equivalent to examination area demurrage charges. Similarly, for the withdraw of Export Cargo from the bonded area, applicable bonded area demurrage charges will be collected.
- m) Any other Agencies operating at the Airport utilizing AAICLAS Equipment like Forklift, Tractor and any other equipment shall be charges separately.
- n) No XBIS uses charges applicable / leviable for the Customs cleared Export Cargo moving by Bonded trucks to other destination Airports.
- o) No separate ETV usage charges leviable at Export.
- p) All bills shall be rounded up to the nearest higher of Rupee 1.00.

Example

- (i) TSP = INR 263.59 (Actual Calculated Amount)
- (ii) GST @ 18% of (i) = INR 47.45 (Actual Calculated Amount)
- (iii) Total Amount (i)+(ii) = INR 311.04 (Actual Calculated Amount)
- (iv) Bill Amount = INR 312/- (rounded up to nearest higher Rupee 1.00/-)

Note : 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 up to 31.03.2021		Rates applicable w.e.f. 01.04.2021 to 31.03.2024	
		Rs. Per Kg	Minimum Rate per Consignment	Rs. Per Kg	Minimum Rate per Consignment
1.	General	6.10	170.00	6.80	189.55
2.	Special & Valuable	12.1	330.00	13.49	367.95

b. Demurrage Charges: -

Free storage period for import cargo shall be 48 hrs. (02 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 96 hrs. (04 working days), from the date and time of segregation reflected in the ICEGATE. If clearance is affected after 96 hrs. (04 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 up to 31.03.2021		Rates applicable w.e.f. 01.04.2021 to 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 96 hrs. (4 working days) including free period	1.80	400.00	2.01	446.00
		Between 96 hrs. and 720 hrs. (5 and 30 days)	3.47		3.87	
		Beyond 720 hrs. (beyond 30 days)	5.25		5.85	
2.	Special	Up to 96 hrs. (4 working days) including free period	3.47	775.00	3.87	864.13
		Between 96 hrs. and 720 hrs. (5 and 30 days)	6.93		7.73	
		Beyond 720 hrs. (beyond 30 days)	10.45		11.65	
3.	Valuable	Up to 96 hrs. (4 working days) including free period	6.93	1560.00	7.73	1739.40
		Between 96 hrs. and 720 hrs. (5 and 30 days)	13.97		15.58	
		Beyond 720 hrs. (beyond 30 days)	20.90		23.30	

c. **Opening/ Repacking Charges:** INR10/= per pkg. subject to minimum of INR20/= per consignment. (There will not be year on year increase on Opening/Repacking Charges till next revision takes place)

NOTES: [Import Cargo]

- 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.
- Terminal, Storage and processing 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 actually found more, charges will be levied on the 'actual gross weight' or 'actual volumetric weight' or 'chargeable weight' whichever is higher.
- Special Import Cargo consists of cargo stored in cold storage, live animals and 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 and items valued at USD 1000 per Kg. & above.
- Any product/ commodity having inbuilt/ mounted with Lithium batteries will be continued to be treated as Hazardous Cargo for storage / handling purpose but attract only general cargo TSP rate during the clearance within the free period this Facility is for all Importers including AFS, SEZ, ICD, EPZ Cargo etc. However Special charges (both TSP & Demurrage) leviable beyond the free period.
- Wherever 24 hours operations are NOT implemented due to lack of presence of all related/ regulatory agencies, INR 250/- per consignment will be levied as overtime charges in addition to next working day demurrage charges. (There will not be year on year increase till next revision takes place);
- Import consignment meant for Air Freight Station (AFS) only in ULD forms will attract 40% of TSP charges (presently it is Rs 2.50 per kg) subject to clearance from Air Cargo Terminal within the period stipulated by Customs at the Station in order to achieve reduced dwelling time at Air Cargo Terminal.
- XBIS usage charges Re. 0.83/= per kg subject to minimum of INR 112/= per consignment (as per the requirement of Customs for speedy clearance of import cargo). (There will not be year on year increase till next revision takes place);
- While AAICLAS make efforts to provide equipment for Loading / Unloading of Over Dimensional Cargo (ODC), in case of difficulty in providing equipment, proportionate 10% of Terminal, Storage and Processing Charges shall be refunded.



- k) Any other Agencies operating at the Airport utilizing AAICLAS Equipment like Forklift, Tractor and any other equipment shall be charges separately.
- l) All bills shall be rounded up to the nearest higher of Rupee 1.00.

Example

- TSP = INR 263.59 (Actual Calculated Amount)
- GST @ 18% of (i) = INR 47.45 (Actual Calculated Amount)
- Total Amount (i)+(ii) = INR 311.04 (Actual Calculated Amount)
- Bill Amount = INR 312/- (rounded up to nearest higher Rupee 1.00/-)

- m) 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 up to 31.03.2021	Rates applicable w.e.f. 01.04.2021 to 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	Penal / Storage charges on Airlines / Agencies for not handing over of general import cargo (i/c Courier cargo) to the customs appointed custodian within 05 hours of flight landing (subject to Customs stipulation)		
	i. General Bulk Cargo	Rs. 2.20 (Kg/day)	Rs. 2.45 (Kg/day)
	ii. Loaded ULD	Rs. 885.00 (ULD/day)	Rs. 987.00 (ULD/day)
4	Penal / Storage charges on Airlines / Agencies for not handing over of general import cargo (i/c Courier cargo) to the customs appointed custodian within 05 hours of flight landing (subject to Customs stipulation)		
	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
	Sector AWB charges		
5	i. Sector AWB charges	Rs.1.50 per Kg.	Rs.1.67 per Kg.
	ii. Minimum	Rs.160.00 per consignment	Rs.178.40 per consignment

NOTES:

- a) 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. 50% discount will be applicable on TSP/ handling charges where the import transshipment cargo moved in ULD form to the other Airports of AAI by road. In both the cases, subject to payment of minimum charge as applicable in respective category.

- b) 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 and subject to payment of minimum applicable Export Demurrage Charges.
- c) 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.
- d) No free period may be allowed on second time handling/upliftment of export cargo from cargo terminal. Applicable charges (Demurrage/Storage) shall be levied.
- e) 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.
- f) 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, accounted from the time of physical acceptance at bonded area.
- g) XBIS usage charges Re. 0.83 per kg subject to minimum of INR 112/- per consignment. The same is applicable at 50% per kg subject to minimum of INR 100 per ODC shipment where physical check with the help of ETDs are facilitated. However, in random check cases in ETDs by Airlines after scanning through XBIS, no charges to be levied for usage of ETDs. (There will not be year on year increase till next revision takes place);
- h) Additional Packing services required by Airlines for any shipment shall be additionally chargeable.
- i) Any other Agencies operating at the Airport utilizing AAICLAS Equipment like Forklift, Tractor and any other equipment shall be charged separately.
- j) All bills shall be rounded up to the nearest higher of Rupee 1.00.

Example

- a. TSP = INR 263.59 (Actual Calculated Amount)
- b. GST @ 18% of (i) = INR 47.45 (Actual Calculated Amount)
- c. Total Amount (i)+(ii) = INR 311.04 (Actual Calculated Amount)
- d. Bill Amount = INR 312/- (rounded up to nearest higher Rupee 1.00/-)

- k) 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		Rates applicable w.e.f. 01.04.2021 to 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	135.00	1.04	150.53
	b) Special (AVI) #/ PER/ DGR/ VAL	1.86	268.00	2.07	298.82
2.	Demurrage Charges / Storage				
	a) General Cargo	0.93 /Kg /day	135.00	1.04 /Kg /day	150.53
	b) Special (AVI) #/ PER/ DGR/ VAL	1.86 /Kg /day	268.00	2.07 /Kg /day	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	

Notes:

- a) The free period for outbound domestic cargo shall be 12 hours for examination/processing by the shipper/consignor/authorized representative etc. and 12 hours for Airlines at SHA.



- b) 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, wherever it is applicable.
- c) 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. No XBIS/ETD usage charges will also leviable on these shipments.
- d) The domestic cargo handling charges are inclusive of forklift charges wherever forklift usage is involved. No separate forklift charges will be levied.
- e) #As per IATA definition, Special cargo consists of cold storage, live animals, hazardous goods & 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 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.
- h) XBIS usage charges is Re.0.83/= per kg subject to minimum of INR 112/= per shipment. The same is applicable at 50% per kg subject to minimum of INR 100 per ODC shipment where physical check with the help of ETDs are facilitated. However, in random check cases in ETDs by Airlines after scanning through XBIS, no charges to be levied for usage of ETDs. (There will not be year on year increase till next revision takes place);
- i) All bills shall be rounded up to the nearest higher of Rupee 1.00.
- Example
- TSP = INR 263.59 (Actual Calculated Amount)
 - GST @ 18% of (i) = INR 47.45 (Actual Calculated Amount)
 - Total Amount (i)+(ii) = INR 311.04 (Actual Calculated Amount)
 - Bill Amount = INR 312/- (rounded up to nearest higher Rupee 1.00/-)
- j) All the above charges are excluding GST, which will be levied at applicable rates announced by GoI from time to time.

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

Sr. No.	Type of Cargo/ Services	Existing Rates valid up to 31.03.2021		Rates applicable w.e.f. 01.04.2021 to 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	135.00	1.04	151.00
	b) Special (AVI) # / PER/ VAL/DGR	1.86	268.00	2.07	299.00
2.	Demurrage Charges / Storage (per day)				
	a) General Cargo	0.93 /Kg /day	135.00	1.04	151.00
	b) Special (AVI) # / PER/ DGR/ VAL	1.86 /Kg /day	268.00	2.07	299.00

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.



- e) 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.
- f) #As per IATA definition, Special cargo consists of cargo stored in cold storage, live animals, valuable & hazardous goods.
- g) *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.
- a) All bills shall be rounded up to the nearest higher of Rupee 1.00.

Example

- (i) TSP = INR 263.59 (Actual Calculated Amount)
- (ii) GST @ 18% of (i) = INR 47.45 (Actual Calculated Amount)
- (iii) Total Amount (i)+(ii) = INR 311.04 (Actual Calculated Amount)
- (iv) Bill Amount = INR 312/- (rounded up to nearest higher Rupee 1.00/-)

- k) 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 up to 31.03.2021	Rates applicable w.e.f. 01.04.2021 to 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.	Penal / Storage charges on Airlines / Agencies for not handing over of general import cargo (i/c Courier cargo) to the customs appointed custodian within 05 hours of flight landing (subject to Customs stipulation)		
	i. General Bulk Cargo	Rs. 3.65 Kg. / day	Rs. 4.07 Kg. / day
	ii. Loaded ULD	Rs.1455.00/ULD/day	Rs.1622.00/ULD/day
4.	Penal / Storage charges on Airlines / Agencies for not handing over of general import cargo (i/c Courier cargo) to the customs appointed custodian within 05 hours of flight landing (subject to Customs stipulation)		
	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. 505.00	Rs. 563.00

Note: 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.50% discount will be applicable on TSP/ handling charges where the import transshipment



cargo moved in ULD form to the other Airports of AAI by road. In both the cases, subject to payment of minimum charge as applicable in respective category.

- 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 and subject to payment of minimum applicable Export Demurrage Charges.
- 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, accounted from the time of physical acceptance at bonded area.
- NSO operators/their authorized agencies shall register with Terminal operator along with all required permission/documents from Customs & DGCA and various other regulatory agencies and are required to maintain security deposit with AAICLAS equivalent to two month's transactions or as advised. In addition to security deposit, NSO operators may maintain running account with AAICLAS with adequate balance to avoid Cash & carry model.
- 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.
- XBIS usage charges Re. 0.83/= per kg subject to minimum of INR 112/- per consignment. The same is applicable at 50% per kg subject to minimum of INR 100 per ODC shipment where physical check with the help of ETDs are facilitated. However, in random check cases in ETDs by Airlines after scanning through XBIS, no charges to be levied for usage of ETDs. (There will not be year on year increase till next revision takes place);
- Any other Agencies operating at the Airport utilizing AAICLAS Equipment like Forklift, Tractor and any other equipment shall be charges separately.
- All bills shall be rounded up to the nearest higher of Rupee 1.00.

Example

- TSP = INR 263.59 (Actual Calculated Amount)
 - GST @ 18% of (i) = INR 47.45 (Actual Calculated Amount)
 - Total Amount (i)+(ii) = INR 311.04 (Actual Calculated Amount)
 - Bill Amount = INR 312/- (rounded up to nearest higher Rupee 1.00/-)
- i) All the above charges are excluding GST, which will be levied at applicable rates announced by Gol from time to time.

1.7 Courier Cargo Tariff / Rates

		Existing Rates valid upto 31.03.2021		Rates applicable w.e.f. 01.04.2021 to 31.03.2024	
Sl. No.		Rate per Kg.	Min. Amount	Rate per Kg.	Min. Amount
Inbound (Import)					
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
Outbound (Export)					
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.



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Annexure-II

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

(Rs. In Lakhs)

Fund Centre Description	PDC	2019-20	2020-21	2021-22	2022-23	2023-24	Total
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	2022-23						



boring of submersible					1,500.00		1,500.00
New Road and development existing Road	2023-24					800.00	800.00
Additions to RAB							
- Buildings Total in 1st Control Period		1,081.82	47.20	3,621.19	9,600.00	800.00	15,150.21
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	2023-24						



Electrical items for export counter	31-Dec-19	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
Additions to RAB - Office Equipment							
Total during 1st Control Period		3.63	15.00	30.00	30.00	20.00	98.63
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						



ECCS						50.00	50.00
Additions to RAB - Computers & S/W Total in 1st Control Period		51.35	678.08	255.62	75.00	75.00	1,135.05
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
Additions to RAB - Elec. Installations Total in 1st Control Period		171.09	-	700.00	1,400.00	60.00	2,331.09
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
Additions to RAB - Furniture & Fixtures - Total in 1st Control Period		20.00	30.00	25.00	35.00	20.00	130.00
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



		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
Additions to RAB - Plant & Machinery- Total during 1st Control Period		472.71	300.00	150.00	500.00	300.00	1,722.71
Additions to RAB during 1st Control Period as per AAICLAS submissions		FY 20	FY 21	FY 22	FY 23	FY 24	Total CAPEX
		1,800.59	1,070.28	4,781.80	11,640.00	1,275.00	20,567.68



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