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Regd. Office:  
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February 15, 2019

To :

The Secretary.

Airports Economic Regulatory Authority of India.

AERA Building, Administrative Complex.

Safdarjung Airport, New Delhi-11003

Dear Sir/Madam,

Sub : Comments on the Consultation paper no.28/2018-19 issued by the Authority to consider the Annual Tariff Proposal for FY 2018-19, FY 2019-20 and FY 2020-21 for the Second Control Period in respect of M/s Menzies Aviation Bobba (Bangalore) Pvt. Ltd.. for providing cargo handling services at Kempegowda International Airport, Bengaluru

Firstly, we would like to thank the Authority for giving us the opportunity to submit our comments on the above Consultation paper and Authority's proposal for maintaining the status quo for the tariff for FY 2018-19, FY 2019-20 and FY 2020-21.

Below are Our Comments with respect to Consultation paper

As per Consultation Paper	Comments on the same
Para 4.2(a) and (b)  Based on the ACS submission of MABB, a comparative statement of revenue, costs, and, return on average RAE for the FY2016-17 and FY2017-18 is prepared and annexed as "Annexure-IV". The Authority observed the following parameters in the financials as submitted by MABB:	We have noted that the learned Authorities have considered Non-regulatory revenue to arrive at Regulatory operating profit by virtue of which there is a difference in Return on average RAB and Turnover/profit as computed by the Authority and MABB.

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a) Return on Average RAB for FY2016-17 and FY 20 17-18 stands at 69% and 96% respectively.

b) The turnover/profit % earned in FY 2016-17 and FY2017-18 is 26% and 29% respectively.

the Actual Computation of Return on Average RAB and Turnover/Profit is as below:

- the Actual Return on Average RAB for FY's 2016-17 and 2017-18 stands at 37% and 59% respectively and not 69% and 96% respectively and
- the turnover/profit % for FYs 2016-17 and 2017-18 is 16% and 20% respectively and not 26% and 29% respectively

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Also attached below the detailed computation of Return on average RAB and Net profit for your kind perusal.

### Menzies Aviation Bobba (Bangalore) Pvt. Limited, Bangalore

Rs. In Million

Details	ACS as provided by the Company		ACS as computed by the Authority	
	2016-17	2017-18	2016-17	2017-18
Total Revenue from Regulated Services (1)	1,018.41	1,160.16	1,018.41	1,160.16
- Cargo Handling Revenue	732.10	841.60	732.10	841.60
- Demurrage Collection	286.31	318.55	286.31	318.55
Total Revenue from Services other than Regulated Services (2)	141.56	147.14	141.56	147.14
- Rental Income	31.34	32.20	31.34	32.20
- Interest & Other Income	110.21	114.93	110.21	114.93
Total Expenditure (6)	856.19	929.32	856.19	929.32
Regulatory Operating Profit (1)-(6) = (7)	162.22	230.83		
Regulatory Operating Profit as per AERA (1+ 2)-(6) = (7)			303.78	377.97
Capital Expenditure (8)	30.93	36.81	30.93	36.81
Opening RAB (9)	462.56	414.11	462.56	414.11
Disposals/ Transfers (10)	-0.32	0.65	-0.32	0.65
Closing RAB (8) + (9) -(10) - (4) = (11)	414.52	371.99	414.52	371.99
Average RAB (9) + (11) / 2 = (12)	438.54	393.05	438.54	393.05
Return on Average RAB (7) / (12)	37%	59%	69%	96%
Total Volume (Cargo) (13) In Million	139.85	158.92	139.85	158.92
Actual yield per unit (1/13)	7.28	7.30	8.3	8.23
Regulatory Revenue/ Profit	16%	20%		
Turnover/Profit (Including Regulatory and Non-Regulatory)			26%	29%

We request the Authority to kindly consider the above and we would also be grateful to provide any further clarification or information if required including the responses to the comments on other stakeholders if any.

Thanking you.

For Menzies Aviation Bobba (Bangalore) Pvt. Ltd.

K. Venkata Reddy

Chief Executive Officer

