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Q1. The unique rehabilitation package, the astonishing public participation and a sustainable business model have made Cochin International Airport Limited (CIAL) - the company which operates the airport - an international brand. Where do you see your organization Cochin International Airport Ltd. 5-years from now?

A: Cochin International Airport started operations in 1999 in a humble manner with annual passenger traffic of seven lakhs and it was a tremendous and eventful journey thereafter over the years. We have joined the 10 Million Passenger Traffic Club in the year 2017-18. At present, we are the fourth busiest airport in the country in terms of international passenger traffic. The last five years' of the company really existed as we could facilitate large capacity additions both in International and Domestic terminals to cope-up with the growth in the aviation industry in the country. We are targeting exponential growth in the same manner for the coming five years. The fruits of major investments in the last five years will be mostly reaping in the coming years. Accordingly, we expect substantial increase in the turnover, may be to the tune of 2-3 times in aero and non-aero revenue by 2024.

The capacity addition in Indian airline business is sharp in contrast to other sectors. Scheduled carriers in India are adding atleast 30 aircrafts by this year end and the Government

is planning to privatise 25 more airports in the next phase. Therefore CIAL will also aggressively participate in the bidding and want to consolidate its position in the airport infrastructure space, though the process will take some time.

CIAL has already established it as a socially responsible and committed organization in the last 25 years of existence. We are carrying the society along with us while targeting the corporate growth. For example, we experienced a severe flood in August 2018, by which the airport operations were closed for 15 days. All flood mitigation programmes and measures focus on the safety of the airport, but our master plan emphasises inter alia protection of the villages and towns around the airport from the natural calamities.

Q2. Keeping in mind the demands of stakeholders, what are CIAL's expansion plans?

A: As outlined earlier, we have created capacity taking into consideration the passenger traffic growth projections for the next 20 years both in international and domestic terminals. So the monetisation of unutilised land available with the company is the first agenda now. We have already diversified into sectors such as power, inland water ways, retail and MRO and we are in the threshold of generating sizeable revenues out of these diversified activities.

Apart from diversification, we are also sensing the opportunities in constructing or operating new green field or brownfield airports. We are actively exploring to grab opportunities within the airport sector. In the long run, we need to double our revenues out of airport operations and an equivalent stream of revenue to be generated out of diversified activities.

The airport is operating with a single runway which can cater to the growth of traffic for another 15-25 years. However we are seriously proceeding with the plan of acquiring sufficient extent of land and develop it for the construction of secondary runway well in advance now.

In spite of operating in the infrastructure sector, CIAL has a track record of constantly paying high dividend to its stakeholders. Our revenue and bottom line planning are also in accordance with the high expectations of our stakeholders.

Q3. What are some of the key emerging constraints (if any) you are facing in successfully implementing your strategy?

A: The slowdown in the economy has already impacted in the traffic growth in all major airports in the country. The airports in Kerala including Cochin International Airport have large dependency on the Arabian Gulf bound passengers. The decline of Middle East economies definitely will have strong influence on the traffic growth projections.

Incidentally, the business friendliness of economic eco system in the country is still trailing behind the expectations. All attempts for simplification of tax regime are not really fruitful, especially in view of unsettled tax disputes, which are of decades old and involving huge amounts refund claims.

The construction of a new runway definitely involves acquisition of land from the common public, which is always a nightmare for any industry across the country, especially in the present legal frame work including environmental regulations.

Q4. India's aviation industry is largely untapped with huge growth opportunities. How are you planning to seize the opportunities?

A: Smaller airports in India receive only a limited number of flights in a week, and the costs of air travel are disproportionately high considering the per capita income.

A "smart product mix", i.e. the establishment of good integration between aviation and other service and commodity sectors, is required. For example, developing state-of-the-art air transport facilities would not only be a sensible move for competitiveness.

Therefore, there is tremendous scope for Improvements in airport infrastructure. Installation of advanced air traffic control and air navigation systems, better safety and security services will incentivise more air travel in the country.

Our existing model ensured modular development of airport infrastructure on a viable basis. We would like to utilize our expertise and resources to replicate in the case of new green field or brown field airport projects are received in our hold.

Even though we are located at the southern-most tip of the sub-continent, we are surrounded by a handful of smaller airports. Therefore, our long term intentions include development of Cochin International Airport as a Regional Hub. We hope that with our extensive connectivity to all major centres in the Middle East, South East Asia and all major airports within India, this dream will become a reality soon.

Q5. How economic slowdown is creating headwinds for airlines sector?

A: In the Indian context, affordability of air fares to passengers and aircraft load factor is the prime determinants of airline sustainability. The economic slowdown has caused the decline in the affordability and is surely going to affect passenger volumes too. If slowdown continues, it will surely impact the industry for a short to medium term. As indicated earlier, we expect a larger impact in view of the Gulf crisis and our sizeable dependence on Middle East traffic.

Q6. What are the probable challenges airports may face in terms of attracting new airlines and routes in the years to come?

A: Airlines want minimal airport costs in their cost of operations as they face stiff uncertainty in other major costs such as fuel which is uncontrollable to them. Meantime, cost of construction and maintenance of airport operations especially the cost of security and safety is also increasing disproportionality in the hands of airport operators. Attracting new routes and retaining airlines under these circumstances is the biggest challenge Apart from that world over, regional disturbances, global economic slowdowns are also a cause of worry in retention and attracting new airlines.

It is understood that Government of India is trying to rewrite the aviation policies including bilateral agreements and Open Sky policies. Hopefully the much awaited changes may provide the required flexibility for marketing the airports in a bigger way.

Q7. The Government of India has launched regional connectivity scheme named UDAN (Ude Desh ka Aam Nagrik) to make flying affordable for common man. How much impact it's having on this Airlines business?

A: The implementation of the scheme and development of local airports will definitely lead to establishment of regional hubs in the country. This will also encourage Middle Income Group in the society to utilise the facilities of air traffic more and more in the coming years.

UDAN needs to view more on the unlocking of latent demand from Tier 2 and Tier 3 cities of India. This will spurt the overall future demand of aviation in India. The UDAN has ensured connectivity to unconnected regions and also ensures affordable flying to passengers in that segment. The real favourable impact of the scheme will be unveiled only after few years. Perhaps this scheme has helped us to retain the positive traffic growth despite slowdown in the economy.

Q8. Is technology the only way forward in improving the customer service?

A: Though technology is imperative in enhancing the customer service, it cannot be regarded as the only way forward. Airports are not virtual worlds but are a point of interaction of humans, which requires comfort and personalised experience. We believe in providing customised and personalised experience to our travellers. Technology can surely assist us in this regard, however, emphasize is on development human skill and their competence suitable for airline and airport industry, especially in view of the fact that

India has the availability of large human resources.

However, efforts are going on for simplifying the process of air traffic by using technological developments and innovations, especially in view of intricate security concerns. The government's Digi Yatra scheme, which envisaged to provide hassle-free movement of passengers for boarding is a good example. It is a fact that nothing can replace human interaction, even in the era of artificial intelligence. However, technological innovations will add value to the services extended to the passengers. As far as CIAL is concerned, we have been continuously adopting the world-class and most modern technology to save time and money and also to ensure Total Passenger Satisfaction, by enhancing the safety and security aspects.

Q9. The Cochin International Airport Limited (CIAL) has been selected for the Champion of Earth Prize-2018, the highest environmental honour instituted by the United Nations. What more eco-friendly and cost-effective measures are you planning to make our Nation proud?

A: Our entire terminal constructions, air-conditioning systems, lighting systems, water management system are already designed in the most energy efficient, technology oriented, eco-friendly and cost effective manner. In the solar front, we are already generating power above our requirements and transferring the surplus production to the State Electricity Board. We are also about to commission a 4MW small hydel project allotted to us. The first time in the world entire airport parking facility is now converted into a solar car port. We have also provided charging facilities for the electric vehicles in our carport. Further, we are seriously in the process of converting all our vehicles running in the airside to electric fuel so as to minimise airside emission.

Our diversification activities include development and revival of inland water ways of Kerala, by partnering with the Government of Kerala, primarily intended to shift a substantial portion of road traffic to water ways, which will certainly reduce the carbon emissions in the State of Kerala.

Innovations and social transformation orientations are in the DNA of CIAL. This is a part of the culture inculcated by our founder Managing Director, Shri V.J. Kurian, who continues to lead this organization in this Silver Jubilee year now. It is certain that we will come out more with innovative initiatives in the years to come.

Q10. The CMA professionals are trained to be cost competitive, utilize available resources in an efficient and cost-effective manner through cost optimization, efficient

deployment of scarce resources leading to cost control, cost reduction and cost consciousness. Please suggest in what ways Cost and Management Accountants (CMAs) may offer their expertise more effectively in this quest?

A: Airport Industry in India though attracted heavy infusion of capital investments has not so far rendered adequate levels of return except in the case of Cochin international airport, this could be achieved only on account of cost effective airport constructions, optimisation of operating expenses and efficient utilisation of resources. Evidently, this is the way forward to ensure adequate level of return from this Industry. In this regard, CMA can definitely contribute substantially.

Further, in the years to come, we have to develop a number of Tier-2 and Tier-3 functional airports in the country at affordable costs. The skills and expertise of CMA professionals will be handy in implementation of these facilities. Such an attempt is very important in extending the facilities, technological advancement and easy travel to the under privileged masses in the country.

It is accepted that making the goods and services affordable is the key initiative required for overcoming the hurdles of slowdown. The expertise of professionals in the strategic cost management and target costing will definitely be an advantage in achieving this, especially in a price sensitive society like ours.

Q11. What are the various ways your organization can integrate with our Institute for the diverse avenues in professional development matters?

A: One primary area where airport industry and institute can align is the area of Airports Economic Regulatory matters. As of now, professional institutes play a limited role in framing and implementing the regulatory cases of the Industry.

Apart from that, CIAL being a pioneer in the field of cost efficient airport construction and its viable operations, the various verticals of this model can be documented and can be made as reference for development of cost efficient airport in India.

Our airport is already utilizing the expertise of CMA professions by engaging them in various key positions and employing the members and trainees at corporate level and in the subsidiaries.

The Institute can think of more and more publications of handouts focusing on aviation industry, which is going to be a major driver of the economic development of the country. The expertise of the member professional working in this industry can be utilised for this purpose.