

ऐरा/20010/एमवाईटीपी/बीएसटीपीएल/जीएच/त्रिचि /सीपी-III/2021-26
AERA/20010/MYTP/BASTPL/GH/TRICHY/CP-III/2021-26

परामर्श पत्र संख्या 06/2022-23/Consultation Paper No 06/2022-23



सत्यमेव जयते

भारतीय विमानपत्तन आर्थिक विनियामक प्राधिकरण
Airports Economic Regulatory Authority of India

मैसर्स बर्ड एयरपोर्ट सर्विसेज (त्रिचि) प्राइवेट लिमिटेड (बीएसटीपीएल) द्वारा त्रिचि अंतरराष्ट्रीय हवाईअड्डा (टीआईए), तिरुचिरापल्ली में प्रदान की जाने वाली ग्राउंड हैंडलिंग सेवाओं के लिए प्रथम नियंत्रण अवधि (वित्त वर्ष 2021-22 से वित्त वर्ष 2025-26) के लिए टैरिफ निर्धारित करने के मामले में

**IN THE MATTER OF
DETERMINATION OF TARIFF FOR GROUND HANDLING SERVICES
PROVIDED BY M/S BIRD AIRPORT SERVICES (TRICHY) PVT LTD. (BASTPL) AT
TRICHY INTERNATIONAL AIRPORT (TIA), TIRUCHIRAPPALLI
FOR THE FIRST CONTROL PERIOD
(FY 2021-22 TO FY 2025-26)**

जारी करने की तारीख : 02 अगस्त, 2022

Date of Issue: 02 August, 2022

ऐरा भवन/AERA Building
प्रशासनिक कॉम्प्लेक्स/Administrative Complex
सफदरजंग हवाईअड्डा/Safdarjung Airport
नई दिल्ली/New Delhi – 110003

STAKEHOLDERS' COMMENTS

The Authority is aware of the fact that the Aviation Sector is recovering after undergoing turbulence & uncertainty on account of the COVID 19 PANDEMIC around the world. The pandemic had resulted in restrictions on air travel, both domestic and international. Now, with the decline in Covid cases and after easing of restrictions relating to air travel (w.e.f. 28.03.2022), the aircraft traffic has started improving. The Authority has released this Consultation Paper, after examining the impact of COVID 19 PANDEMIC on the various assumptions stipulated in the Multi-Year Tariff Proposal ('MYTP') submitted by the Bird Airport Services (Trichy) Pvt Ltd. Accordingly, the Authority's proposals on the various aspects of the Tariff determination process have been explained in detail in this Consultation Paper.

Thus, in accordance with the provisions of Section 13(4) of the AERA Act, the written comments on Consultation Paper No. 06/2022-23 dated 02/08/2022 are invited from the Stakeholders, preferably in electronic form, at the following address:

Director (P&S, Tariff)
Airports Economic Regulatory Authority of India (AERA),
AERA Administrative Complex,
Safdarjung Airport, New Delhi – 110003, India
Email: trilok.aera.gov.in; satish.kr@aera.gov.in
Copy to: director-ps@aera.gov.in; secretary@aera.gov.in

Last Date for submission of Stakeholders' comments	24/08/2022
Last Date for submission of counter comments	02/09/2022

Comments will be posted on AERA's website: www.aera.gov.in

For any clarification/information, Director (P&S, Tariff) may be contacted at Telephone No. +91-11-24695048

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List of Abbreviations:

AERA (AUTHORITY)	Airports Economic Regulatory Authority of India
ATM	Air Traffic Movement
ATP	Annual Tariff Proposal
BASTPL	Bird Airport Services (Trichy) Pvt Ltd
CAPEX	Capital Expenditure
CGF	Cargo, Ground Handling & Fuel Throughput
GHA	Ground Handling Agencies
GHS	Ground Handling Service
GPU	Ground Power Unit
INR	Indian Rupees
ISP	Independent Service Provider
LOI	Letter Of Intent
MAG	Minimum Annual Guarantee
MYTP	Multi-Year Tariff Proposal
OPEX	Operating Expenditure
O&M	Operation and Maintenance
PAT	Profit After Tax
PBIDT	Profit Before Interest, Depreciation and Tax
P&L	Profit & Loss
RFP	Request for Proposal
SPV	Special Purpose Vehicle
YoY	Year on Year

CHAPTER 1: Brief Background.

- 1.1 M/s Globe Ground India Pvt Ltd was awarded the Concession to provide Ground Handling Services at Trichy International Airport by Airports Authority of India (AAI) through a competitive bidding process for ten (10) years, effective from Commercial Operation Date (COD). The COD shall be the date on which the Certificate of Operational readiness has been issued by the AAI to the Concessionaire in line with the provisions of Clause 3.5.1 of the Concession Agreement.
- 1.2 In accordance with the requirement of RFP, a Special Purpose Vehicle (SPV) named “Bird Airport Services (Trichy) Pvt Ltd” (BASTPL) was incorporated on 07.10.2021 to perform the obligations and exercise the rights of the Globe Ground India Pvt Ltd, under the LOI, for the purpose of performing, implementing and executing the Ground Handling Services at Trichy International Airport.
- 1.3 BASTPL has entered into a concession agreement with Airports Authority of India on 11.04.2022 for providing Ground Handling Services at Trichy International Airport.

The shareholding structure of the ISP is given as below:

Table-1: Summary of Shareholding Structure of BASTPL at TIA, Tiruchirappalli.

Name of Shareholder	No. of Equity Shares	Equity Holding (%)
Globe Ground India Private Limited	4,99,999	99.9998%
Mr. Gaurav Bhatia	1	0.0002%
TOTAL	500000	100.00%

- 1.4 As per the provisions of the CGF Guidelines 2011, BASTPL has submitted the Multi Year Tariff Proposal (‘MYTP’) vide letter dated 20.04.2022 for determination of Tariff for FY 2022-23 to FY 2025-26 of the First Control Period in respect of Ground Handling Services providing at Trichy International Airport, Tiruchirappalli.
- 1.5 The Authority, after initial scrutiny of the MYTP/ ATP submissions of BASTPL observed some shortcomings/ information gaps. The matter was discussed & clarifications sought from ISP. Subsequently, in light of AERA’s observations/queries, BASTPL submitted updated MYTP. However, as there were few deficiencies in the updated submission also which required clarifications; accordingly, BASTPL after addressing AERA’s observations, submitted the revised MYTP for the First Control Period on 22.07.2022.
- 1.6 Bureau of Civil Aviation Security has granted security clearance to BASTPL on 04.04.2022, which shall be valid for a period of five years from the date of issue of security clearance or the period of validity of contract with the airport operator, whichever is earlier.

CHAPTER 2: PRINCIPLES FOR DETERMINATION OF “AERONAUTICAL TARIFF”.

2.1 The Authority vide 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. Accordingly, the Authority 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”).

2.2 **MATERIALITY ASSESSMENT:**

In accordance with the above mentioned AERA Guidelines and Directions, the following procedure is adopted for determination of Materiality Index of regulated Service:

$$\text{Materiality Index (MI}_G\text{)} = \frac{\text{Int. Aircraft Movement at Trichy Airport}}{\text{Total Intl.Aircraft Movement at Major Airports}} \times 100$$

$$\begin{aligned} \text{The Materiality Index for Trichy Airport} &= 8896/420772 \\ &= 2.11\% \end{aligned}$$

The percentage share of Ground Handling for Trichy International Airport (TIA), Tiruchirappalli for FY 2019-20 is 2.11%, which is less than 5% Materiality Index (MI_G) for the subject service. Hence, the regulated service is deemed as ‘**Not Material**’ for the First Control Period.

2.3 As per the information furnished by BASTPL on competition Assessment Form F1 (b), M/s AI Airport Services Limited (AIASL) is also providing Ground Handling Services at Trichy Airport.

2.4 As per clause 11.2 of the CGF Guidelines, the ATP is required to be submitted in the manner and form provided in AI 8.2 of Appendix-I to the guidelines and should be supported by the following:

- a) Form B and Form 14 (b) (Proposed Tariff Card);
- b) Details of Consultation with Stakeholders;
- c) Evidence of User Agreement(s), if any, between the Service Provider(s) and the User(s) of Regulated Service(s) clearly indicating the Tariff(s) that are proposed by the Service Provider and agreed to by User(s).

2.5 The Authority notes that BASTPL has submitted the documents as stated in Para 2.4 above, except minutes of Stakeholders’ Meeting, as the Stakeholders’ Consultation is yet to be conducted by the ISP. The Authority, therefore, advises BASTPL, to conduct Stakeholders’ Consultation Meeting at the earliest in compliance with the AERA (CGF) Guidelines, 2011.

Authority’s Proposal regarding Tariff determination of BASTPL:

2.6 Based on the material before it and its analysis, the Authority proposes to consider Tariff determination exercise of BASTPL for providing Ground Handling Services at Trichy International Airport under “**Light Touch Approach**” for the First Control Period, as the regulated service is deemed ‘**Not Material**’.

CHAPTER 3: AIRCRAFT TRAFFIC (FLIGHTS TO BE HANDLED).

Actual Aircraft Traffic handled at Trichy Airport.

3.1 Actual Aircraft Traffic (Nos. of landings) handled by Trichy Airport, from FY 2019-20 (pre-Covid year), to FY 2021-22 are given below:

Table 2: Actual Aircraft traffic handled at Trichy Airport during FY 2019-20 to FY 2021-22.

Year	Total number of Landings at Trichy Airport			As Percentage (%) of 2019-20		
	Domestic	Inter-national	Total	Domestic	Inter-national	Total
2019-20	2,682	4,448	7,130	--	--	--
2020-21	1,489	834	2,323	56%	19%	33%
2021-22	1,542	1,898	3,440	57%	43%	48%

BASTPL submission on Aircraft Traffic (Flights to be Handled) for the First Control Period as part of MYTP.

3.2 As per MYTP submitted by the BASTPL, projected Aircraft Traffic (Flights to be Handled) for FY 2022-23 to FY 2025-26 of the First Control Period is given as below:

Table 3: Projected Aircraft Traffic (Flights to be handled) submitted by BASTPL for the First Control Period.

Financial Year	Domestic (No. of Landings)	International (No. of Landings)	Total	YoY % change		
				Domestic	International	Total
2022-23	400	974	1,374	--	--	--
2023-24	572	1,825	2,397	43%	87%	74%
2024-25	755	1,871	2,626	32%	2%	10%
2025-26	829	1,918	2,747	10%	3%	5%
TOTAL	2,557	6,588	9,145			

Authority's Examination and Analysis:

- 3.3 The Authority observes that COVID-19 had impacted the Civil Aviation Sector, including Ground Handling Services during FY 2020-21 & FY 2021-22. As per the statistics available at AAI website, the total Aircraft Traffic (Domestic and International) at Trichy Airport for FY 2021-22 had reached 48% of the pre-Covid level (FY 2019-20). Further, the total Aircraft Traffic particularly in the month of May, 2022 has reached to 79% Traffic of corresponding month of pre-Covid period (FY 2019-20) at Trichy Airport.
- 3.4 The Authority notes that BASTPL is a new entrant at Trichy Airport and is expected to handle 1374 Flights (400 Domestic & 974 International) in FY 2022-23 (first year of operations). Thereafter, ISP is expected to handle 74% more Flights in FY 2023-24 as compared to preceding year. For FY 2024-25 & FY 2025-26, ISP has estimated growth rate of 10% and 5% in Aircraft Traffic respectively.
- 3.5 The Authority further notes that BASTPL has projected lower Domestic Aircraft traffic as compared to International Aircraft traffic during the Control Period. As regard to lower Domestic Aircraft Traffic considered in Aircraft Traffic projection, BASTPL vide mail dated 08.06.2022 has submitted that at present, only two airlines i.e. Indigo and Air India/Alliance are operating in domestic sectors at Trichy airport, whereas Indigo is doing self-handling and Air India/Alliance Air is taking the Ground Handling Services of AIASL. ISP further stated that they expect some business in domestic sector when new Domestic Airlines start operations in the future at Trichy Airport. Accordingly, BASTPL has projected

Domestic Aircraft traffic for the First Control Period.

- 3.6 The Authority, mindful of the impact of Covid-19 pandemic on Civil Aviation Sector and taking note of clarifications/ justifications in respect of Aircraft Traffic submitted by the ISP, feels that the Aircraft Traffic projected by BASTPL for the First Control Period seems reasonable.

Authority's Proposal regarding Aircraft Traffic for the First Control Period:

- 3.7 Based on the material before it and its analysis, the Authority proposes to consider the Aircraft Traffic (Flights to be handled) for the First Control Period as per Table 3.

CHAPTER 4: CAPITAL EXPENDITURE.

BASTPL submission on Capital Expenditure for the First Control Period as part of MYTP

4.1 As per the MYTP, BASTPL has projected a total Capital Expenditure (CAPEX) of ₹ 1253.65 Lakhs for the procurement of Ground Handling Equipment's & other assets for the FY 2022-23 to FY 2025-26 of the First Control Period. The asset wise Capital Expenditure projected by ISP for First Control Period is given as below:

Table 4: Projected Capital Expenditure submitted by BASTPL for the First Control Period.

(₹ in lakhs)

Particulars	2022-23	2023-24	2024-25	2025-26	TOTAL
Plant & Machinery	1140.25	21.00	32.60	28.60	1222.45
Furniture and Fittings	7.55	1.25	1.88	1.25	11.93
Office Equipment	2.32	-	0.75	-	3.07
Data Processing Equipment	3.10	-	-	-	3.10
Motor Vehicles	13.10	-	-	-	13.10
TOTAL	1166.32	22.25	35.23	29.85	1253.65

4.2 BASTPL has submitted detail breakup of the proposed capital expenditure of ₹ 1253.65 lakhs for the First Control Period as given below:

Table 5: Breakup of Projected Capital Expenditure as submitted by BASTPL for the First Control Period.

(₹ in lakhs)

Year	Particulars	Qty	Rate	Amount	Asset Class
2022-23	Diesel Baggage TUG - 25T Tow Capacity	6	35.15	210.91	Ground Handling Equipment
	EBT-TLD	5	37.38	186.89	
	Diesel Farm Tractor	2	10.05	20.10	
	Push Back Tractor - Draw Pull Bar of 12000 DaN	3	54.51	163.54	
	Towbar Universal	4	7.63	30.54	
	Passenger Step - 2200-5300mm height-towable	3	7.05	21.15	
	Baggage Conveyor Belt - 5 M Boom Length	2	7.05	14.10	
	Baggage Conveyor Belt - Electric	2	9.05	18.10	
	Toilet servicing Cart - Lift pressure 0.25-0.35 Mpa, Flow rate 120L/min	1	26.05	26.05	
	Water Servicing Cart - Lift pressure 0.25-0.35 Mpa, Flow rate 120L/min	1	25.05	25.05	
	Ambulift - Lift 2000-4400 mm	1	35.05	35.05	
	Air Conditioning Unit-Cooling capacity 60T Air flow 200 ppm	1	108.39	108.39	
	JET START UNIT-400 PPM Single hose	1	151.73	151.73	Ground Handling Equipment
	GPU-90 KVA Single cable	1	54.87	54.87	
	Baggage trolleys	32	0.80	25.60	
Container Dollies	10	1.30	13.00		
Pallet Dollies - 10 Feet	14	1.65	23.10		
Fuel Bowser 900 L - towable	1	10.05	10.05	Furniture & Fixtures	
Wheel chairs	20	0.13	2.50		

	Vehicle ramp	1	5.55	5.55	Vehicles
	Vehicle GSE Maintenance	1	7.55	7.55	
	Chocks (12), Marshalling torches (10 pairs*5), Head set (2), By Pass pin for A320/B737 (2), Safety cones (12), Vacuum cleaners (3), Firex (2)	1	2.05	2.05	Ground Handling Equipment
	Laserjet Black & White Printer	2	0.20	0.40	Office Equipment
	Laserjet MFP Color Printer	1	0.12	0.12	
	Paper Shredder	2	0.15	0.30	
	Laptop	2	0.55	1.10	
	Desktop	5	0.40	2.00	
	Mobile Phone	10	0.15	1.50	
	Office New Cabins Set Up / Modification	1	5.05	5.05	Furniture & Fixtures
	TOTAL FOR FY 2022-23			1,166.33	
2023-24	Baggage trolleys	10	0.80	8.00	Ground Handling Equipment
	Container Dollies	10	1.30	13.00	
	Wheel chairs	10	0.13	1.25	Furniture & Fixtures
	TOTAL FOR FY 2023-24			22.25	
2024-25	Passenger Step - 2200-5300mm height-towable	1	3.55	3.55	Ground Handling Equipment
	Baggage Conveyor Belt - 5 M Boom Length	1	8.05	8.05	
	Baggage trolleys	10	0.80	8.00	Ground Handling Equipment
	Container Dollies	10	1.30	13.00	
	Wheel chairs	15	0.13	1.88	Furniture & Fixtures
	Mobile Phone	5	0.15	0.75	Office Equipment
	TOTAL FOR FY 2024-25			35.23	
2025-26	Towbar Universal	1	7.05	7.05	Ground Handling Equipment
	Passenger Step - 2200-5300mm height-towable	1	3.55	3.55	
	Baggage trolleys	10	1.80	18.00	
	Wheel chairs	10	0.13	1.25	Furniture & Fixtures
	TOTAL FOR FY 2025-26				29.85
	GRAND TOTAL			1,253.65	

Authority's Examination and Analysis:

- 4.3 The Authority notes that BASTPL is a new entrant at Trichy International Airport and projected a total CAPEX of ₹ 1253.65 lakhs for the First Control Period. Out of total CAPEX of ₹ 1253.65 lakhs projected for the Control Period, ISP has proposed to incur ₹ 1222.45 lakhs for Ground Handling Equipment, ₹13.10 lakhs for vehicles, ₹ 11.92 lakhs for furniture & fixtures ₹ 3.10 lakhs for data processing unit and ₹ 3.07 lakhs for Office Equipment.
- 4.4 The Authority further notes that ISP has proposed to spend an amount of ₹ 1166.33 Lakhs around (93%) of the total CAPEX in FY 2022-23 itself, on procurement of all the necessary Ground Handling Equipment, for smooth commencement of operations at Trichy International Airport.
- 4.5 BASTPL vide email dated 30.06.2022 has informed that out of total capex proposed for FY 2022-23, they have already incurred an amount of ₹. 417.73 lakhs. Further, ISP vide mail dated 04.07.2022 has provided the copies of the invoices/Purchase order regarding actual CAPEX incurred in FY 2022-23 and stated that the remaining CAPEX of ₹ 748.60 lakhs will be incurred during the remaining period of FY 2022-23.

4.6 The Authority notes that BASTPL, being a new entrant at the Trichy Airport, requires to make provision for necessary equipment / infrastructure in the first year itself for smooth roll out of its commercial operations, therefore, the Authority proposes to consider the CAPEX as submitted by BASTPL for the First Control Period.

Authority's Proposal regarding CAPEX for the First Control Period:

4.7 Based on the material before it and its analysis, the Authority proposes to consider the CAPEX for the First Control Period as per Table 4.

CHAPTER 5: OPERATING EXPENDITURE AND PROFITABILITY.

BASTPL submission on Operating Expenditure for the First Control Period as part of MYTP

- 5.1 As provided in Clause 9.4 of the CGF Guidelines mentioned in Direction No. 04/2010-11, the Operational and Maintenance (O&M) Expenditure shall include all expenditures incurred by the Service provider(s), including expenditure incurred on security, operating costs, other mandated operating costs and statutory operating costs.
- 5.2 Operation and Maintenance Expenditure submitted by BASTPL has been segregated into the following categories:
- Payroll Costs;
 - Administrative and General Expenditure;
 - Utility and Outsourcing Costs;
 - Repair and Maintenance Expenditure;
 - Concession Fees/Minimum Annual Guarantee (MAG);
- 5.3 As per the MYTP submitted by BASTPL, Revenue and Operating Expenditure (OPEX) projected by BASTPL for the First Control Period (FY 2021-22 to FY 2025-26) is as under:

Table 6: Projected Revenue and Operating Expenditure projected by BASTPL for First Control Period.

Particulars	₹ in Lakhs					YoY% Change		
	2022-23 Projection for 8 months)	2022-23 (Annualised for 12 months)	2023-24	2024-25	2025-26	2023-24*	2024-25	2025-26
Revenue (A)	1112.83	1669.25	2062.47	2169.25	2258.70	24%	5%	4%
Operating Expenditure								
Payroll Costs	526.46	789.69	849.51	912.59	977.32	7%	7%	7%
Administrative and General Costs	202.23	303.34	351.29	377.19	404.90	16%	7%	7%
Utilities and Outsourcing costs	33.06	49.59	58.42	63.28	66.83	18%	8%	6%
Repair and Maintenance Costs	15.00	22.50	25.00	26.00	27.04	11%	4%	4%
Concession Fees/MAG	486.67	730.00	584.00	467.20	373.76	-20%	-20%	-20%
Total Operating Expenditure (B)	1263.41	1895.12	1868.22	1846.25	1849.85	-1%	-1%	0%
PBIDT (A-B)	-150.58	--	194.25	323.00	408.85	--	--	--
Interest & Finance Cost	107.04	--	110.68	93.24	75.09	--	--	--
Depreciation	53.05	--	77.38	79.78	81.40	--	--	--
Profit Before Tax (PBT)	-310.67	--	6.19	149.99	252.36	--	--	--
Provision for Taxation**	0	--	0	0	24.63	--	--	--
Profit After Tax (PAT)	-310.67	--	6.19	149.99	227.73	--	--	--
PAT Margin (PAT/Revenue)	-27.92%	--	0.30%	6.91%	10.08%	--	--	--

* % change in FY 2023-24 over Annualized figures of FY 2022-23.

**Nil tax provision upto FY 2024-25 due to projected loss of ₹400.87 lakhs in FY 2022-23.

Authority's Examination and Analysis:

- 5.4 The Authority examined the Operating Expenditure provided in Form F3 (P&L) for the First Control Period and noted that there is a significant increase in the projected Operating Expenditures of F.Y 2023-24 over FY 2022-23. Accordingly, clarification was sought from BASTPL. In response, ISP vide email dated 04.07.2022 clarified that for FY 2022-23 they have considered Revenue and Operating Expenditure for (08) eight months only; whereas, Revenue & Operating Expenses have been projected for full year in FY 2023-24.

The Authority has annualized the eight months' Revenue and Expenditure figures of FY 2022-23, for better comparison of YoY growth rates for the First Control Period as given below: -

- 5.5 **Payroll Costs:** The Authority notes that BASTPL has projected 7% YoY increase in payroll costs from FY 2023-24 onward. In response to AERA query on the proposed payroll costs, BASTPL vide email dated 22.07.2022 submitted that increase in payroll cost is projected after considering all relevant factors, including minimum wages notified by the Government from time to time, annual increments in salary and YoY increase in head count to handle projected increase in nos. of Flights etc.
- 5.6 **Administrative and General Costs:** The Authority notes that BASTPL has projected 16% increase in Administrative & General Costs in FY 2023-24 over FY 2022-23 and thereafter 7% YoY increase is projected from FY 2024-25 onward. BASTPL vide email dated 22.07.2022 submitted that Administrative & General cost is projected after factoring the increase in communication, travelling, marketing and others Administration expenses due to the annual inflation and YoY increase in the nos. of Flights projected to be handled.
- 5.7 **Utility and Outsourcing Costs:** The Authority notes that BASTPL has projected 18% increase in Utility and Outsourcing Costs in FY 2023-24 over FY 2022-23 and thereafter 8% & 6% increase is projected for FY 2024-25 & FY 2025-26 respectively. BASTPL vide email dated 22.07.2022 submitted that Utility and Outsourcing cost is projected after factoring the increase in Fuel, water & electricity charges due to annual inflation. ISP further submitted that Utility and Outsourcing cost are directly linked with the nos. of flight handled, therefore, the Utility and Outsourcing cost will increase as the nos. of flight to be handled increase during the First Control Period.
- 5.8 **Repair and Maintenance Costs:** The Authority notes that BASTPL has projected 11% increase in Repair and Maintenance Costs in FY 2023-24 over FY 2022-23 and thereafter 4% YoY increase is projected from FY 2024-25 onwards. In this regard, the ISP vide mail dated 22.07.202 stated that R&M costs include expenses related to Spares, Consumables and Lubes & oil etc. Though, some of the spares are covered under warranty initially one to three years, However, expenditure on consumables, lubes, small spares are required to be done periodically to keep equipment in its operational state even if the equipment is new.
- 5.9 **Concession Fees/MAG:** BASTPL has submitted that every year they have to pay "Premium" to the Airport Operator which is maximum of Minimum Annual Guarantee (MAG) or the Revenue Share percentage (up to 15%, depending upon the category of Flights) of their gross revenues. From the second year onwards, MAG will be 80% of the previous year Premium. Therefore, the Authority notes that from FY 2024-25 Concession fee projected by ISP is reducing by 20% YoY due to the reduction in MAG amount.

The Authority observed that as per clause no. 7.5.4 of Concession agreement (reproduced below) executed between the BASTPL & AAI, the passthrough component (of Concession fee) for the purpose of Tariff determination shall be limited to the Revenue share payable to the Airport Operator only:

"In case the tariff is determined under the jurisdiction of AERA, it is hereby clarified that the component of MAG₁, MAG and/or Premium shall not be considered as a pass-through expenditure for the purpose of determination of tariff under the extant AERA regulatory framework. The passthrough component for tariff determination shall be limited to the Revenue share determined by using the percentages stated in Clause 7.1.1".

The Authority further observes that Airport Operator (AAI) has drawn reference to AERA Order No 01/2018-19 dated 05.04.2018 relating to capping of passthrough expenditure out of Royalty/Revenue

Share payable by the ISPs to Airport Operators. It is pertinent to mention that the aforesaid AERA Order is applicable in case the Tariff of Regulated Service(s) determined under “Cost Plus Method”. However, AERA is guided by its own regulatory approach for ISPs, as regard to treat certain components of expenditure as passthrough expenses or otherwise and the same cannot be decided by the Airport Operators.

The Authority further observes from the Projected P&L Statement that BASTPL is likely to incur a loss of ₹ 310.67 lakhs in FY 2022-23 and thereafter is expected to earn normal Profit upto 10% (PAT) from FY 2023-24 onwards.

Authority’s Proposal regarding OPEX for the First Control Period:

5.10 Based on the material before it and its analysis, the Authority, proposes to consider the OPEX for the First Control Period as per Table-6.

CHAPTER 6: ANNUAL TARIFF PROPOSAL.

BASTPL submissions on Annual Tariff Proposal for the First Control Period as part of MYTP.

6.1 BASTPL has submitted the Tariff proposal for Ground Handling Services at Trichy Airport for FY 2022-23 to FY 2025-26 of the First Control Period as given in Table below:

Table 7: Proposed Tariff Rates for Schedule Flights submitted by BASTPL for FY 2022-23 to FY 2025-26 of the First Control Period.

(Rates in ₹)

A/C	FY 2022-23			FY 2023-24			FY 2024-25			FY 2025-26		
	Pax	Ramp	Full	Pax	Ramp	Full	Pax	Ramp	Full	Pax	Ramp	Full
Domestic Passenger Flight												
Code B	7000	14000	20000	7500	15000	21400	8100	16100	22900	8700	17300	24600
Code C	10000	20000	30000	10700	21400	32100	11500	22900	34400	12400	24600	36900
Code D	15000	30000	45000	16100	32100	48200	17300	34400	51600	18600	36900	55300
International Passenger Flight												
Code C	42000	84000	125000	45000	89900	133800	48200	96200	143200	51600	103000	153300
Code D	59000	117000	175000	63200	125200	187300	67700	134000	200500	72500	143400	214600
Code E	88000	175000	262500	94200	187300	280900	100800	200500	300600	107900	214600	321700
Code F	105000	210000	315000	112400	224700	337100	120300	240500	360700	128800	257400	386000
Domestic Cargo Flight												
Code C	N/A	28000	N/A	N/A	30000	N/A	N/A	32100	N/A	N/A	34400	N/A
Code D	N/A	42000	N/A	N/A	45000	N/A	N/A	48200	N/A	N/A	51600	N/A
International Cargo Flight												
Code C	N/A	118000	N/A	N/A	126300	N/A	N/A	135200	N/A	N/A	144700	N/A
Code D	N/A	164000	N/A	N/A	175500	N/A	N/A	187800	N/A	N/A	201000	N/A
Code E	N/A	245000	N/A	N/A	262200	N/A	N/A	280600	N/A	N/A	300300	N/A

Note:

- Any flight where either its arrival or departure are international, will also be considered as an International Flight for the purposes of applying above rates.
- The above rates are exclusive of GST and any other applicable Government taxes.

6.2 BASTPL has proposed the following % increase in the Tariff for Schedule Flights at Trichy Airport as given in Table below:

Table 8: Statement of YoY Percentage (%) Change in the tariff rates for Schedule Flights for the First Control Period.

Particulars	FY 2023-24			FY 2024-25			FY 2025-26		
	Pax	Ramp	Full	Pax	Ramp	Full	Pax	Ramp	Full
Domestic Passenger Flights									
CODE B	7%	7%	7%	7%	7%	7%	7%	7%	7%
CODE C	7%	7%	7%	7%	7%	7%	7%	7%	7%
CODE D	7%	7%	7%	7%	7%	7%	7%	7%	7%
International Passenger Flights									
CODE C	7%	7%	7%	7%	7%	7%	7%	7%	7%
CODE D	7%	7%	7%	7%	7%	7%	7%	7%	7%
CODE E	7%	7%	7%	7%	7%	7%	7%	7%	7%
CODE F	7%	7%	7%	7%	7%	7%	7%	7%	7%
Domestic Cargo Flights									
CODE C	N/A	7%	N/A	N/A	7%	N/A	N/A	7%	N/A
CODE D	N/A	7%	N/A	N/A	7%	N/A	N/A	7%	N/A

International Cargo Flights									
CODE C	N/A	7%	N/A	N/A	7%	N/A	N/A	7%	N/A
CODE D	N/A	7%	N/A	N/A	7%	N/A	N/A	7%	N/A
CODE E	N/A	7%	N/A	N/A	7%	N/A	N/A	7%	N/A

6.3 BASTPL has also submitted separate Tariff Rate Card for Non-Schedule and General Aviation Operation(s) as per table given below: -

Table 9: Annual Tariff Proposal submitted by BASTPL for Non-Schedule and General Aviation Operations - Domestic and International Flights.

(Rates in ₹)

Financial Year	2022-23		2023-24		2024-25		2025-26	
	Domestic	Intl.	Domestic	Intl.	Domestic	Intl.	Domestic	Intl.
MTOW								
0-5000	23,500	45,000	25,145	48,150	26,905	51,521	28,788	55,127
5001-10000	30,000	82,500	32,100	88,275	34,347	94,454	36,751	101,066
10001- 20000	36,500	131,250	39,055	140,438	41,789	150,269	44,714	160,788
20001- 35000	61,500	150,000	65,805	160,500	70,411	171,735	75,340	183,756
35001- 40000	63,000	168,750	67,410	180,563	72,129	193,202	77,178	206,726
40001- 50000	63,000	187,500	67,410	200,625	72,129	214,669	77,178	229,696
50001- 100000	85,000	243,750	90,950	260,813	97,317	279,070	104,129	298,605
100001 –200000	225,335	461,250	241,108	493,538	257,986	528,086	276,045	565,052
200001- 300000	515,052	543,750	551,106	581,813	589,683	622,540	630,961	666,118
300001 and above	618,062	656,250	661,326	702,188	707,619	751,341	757,152	803,935

Note:

1. The above rates are exclusive of GST and any other applicable Government taxes.

Authority's Examination and Analysis:

- 6.4 The Authority observes that in case of Schedule Flights, the ISP has proposed 7% YoY increase in Tariffs from FY 2023-24 to FY 2025-26 during the First Control Period (Refer Table 8).
- 6.5 The Authority notes that BASTPL has proposed a separate Tariff for Non-Schedule and General Aviation Flights. In this regard, the Authority is of the view that the Tariff for Domestic Non-Schedule and General Aviation Operations should not be more than the Tariff of relevant Domestic Schedule Flights for similar class of Aircraft(s). However, the Authority proposes to consider the separate Tariffs in case of International Non-Schedule & General Aviation Operations only (Refer Table 9).
- 6.6 The Authority observes that in case of Non-Schedule Flights and General Aviation Operations, BASTPL has proposed 7% YoY increase in Tariffs from FY 2023-24 to FY 2025-26 during the First Control Period (Refer Table 9).
- 6.7 Further, BASTPL should ensure compliance of Standardization of Ground Handling Equipment at Major Airports, in accordance with the directives issued by Ministry of Civil Aviation vide its letter no. AV-24011/10/2021-AAI-MOCA dated 01.11.2021.

Authority's Proposal regarding Tariff Proposal for the First Control Period:

Based on the available facts and analysis, the Authority proposes the following with regard to Tariff structure and Annual Tariff Proposal for the First Control Period:

- 6.8 The Authority, in case of Schedule Flights proposes to consider the Tariff Rate card as per Annexure – I

for the First Control Period.

- 6.9 The Authority proposes that the Tariff for Domestic Non-Schedule and General Aviation Operations should not be exceed the Tariff of relevant Domestic Schedule Flights for similar class of Aircraft(s).
- 6.10 The Authority, in case of International Non-Schedule and General Aviation Flights, proposes to consider Tariff as per Annexure –II.
- 6.11 The Authority proposes that in case of payment in foreign currency, the RBI conversion rate as on the last day of the previous month will be applicable for the first fortnight and rate as on 15th of the month will be applicable for the Second fortnight.
- 6.12 The Authority also proposes that the Tariff Rates proposed as per Annexure – I & II shall be maximum Tariffs to be charged. No other charge is to be levied over and above the proposed Tariff Rates.

CHAPTER 7: SUMMARY OF AUTHORITY’S PROPOSALS

The below mentioned summary provides the Authority's proposals relating to relevant chapters regarding the tariff determination of BASTPL providing Ground Handling Services at Trichy International Airport for Stakeholders’ Consultation purpose:

Chapter	Para	Summary of Authority’s Proposals	Page No.
Chapter No.2	2.6	The Authority proposes to consider Tariff determination exercise of BASTPL for providing Ground Handling Services at Trichy International Airport under “ Light Touch Approach ” for the First Control Period, as the regulated service is deemed ‘ Not Material ’.	7
Chapter No. 3	3.7	The Authority proposes to consider the Aircraft Traffic (Flights to be handled) for the First Control Period as per Table 3.	9
Chapter No. 4	4.7	The Authority proposes to consider the CAPEX for the First Control Period as per Table 4.	12
Chapter No. 5	5.10	The Authority, proposes to consider the OPEX for the First Control Period as per Table-6.	15
Chapter No. 6	6.08	The Authority, in case of Schedule Flights proposes to consider the Tariff Rate card as per Annexure – I for the First Control Period.	17
	6.09	The Authority proposes that the Tariff for Domestic Non-Schedule and General Aviation Operations should not be exceed the Tariff of relevant Domestic Schedule Flights for similar class of Aircraft(s).	18
	6.10	The Authority, in case of International Non-Schedule and General Aviation Flights, proposes to consider Tariff as per Annexure –II.	
	6.11	The Authority proposes that in case of payment in foreign currency, the RBI conversion rate as on the last day of the previous month will be applicable for the first fortnight and rate as on 15th of the month will be applicable for the Second fortnight.	
	6.12	The Authority also proposes that the Tariff Rates proposed as per Annexure – I & II shall be maximum Tariffs to be charged. No other charge is to be levied over and above the proposed Tariff Rates.	

CHAPTER 8: STAKEHOLDERS' CONSULTATION

- 8.1 In accordance with the provisions of Section 13(4) of the AERA Act, the Authority's proposals contained in Chapter 7 is hereby put forth for Stakeholders' consultation. To assist the Stakeholders in making their submissions in a meaningful and constructive manner, necessary annexures are also enclosed to the consultation paper (**Annexures-I & II**).
- 8.2 For removal of doubts, it is clarified that the contents of this Consultation Paper may not be construed as any Order or Direction of this Authority. The Authority shall pass an Order, in the matter, only after considering the submissions of the Stakeholders in response here to and by making such decision fully documented and explained in the tariff order in terms of the provisions of the Act.
- 8.3 The Authority welcomes written evidence-based feedback, comments and suggestions from Stakeholders on the proposal made in Chapter 7 above, latest by **24/08/2022**.

**Secretary,
Airports Economic Regulatory Authority of India
AERA Building, Administrative Complex
Safdarjung Airport, New Delhi -110003
Tel: 011-24695044-47, Fax: 011-24695048**

(Chairperson)

Annexure-‘I’

**PROPOSED TARIFF RATES FOR M/S BIRD AIRPORT SERVICES (TRICHY) PVT. LTD. (BASTPL)
FOR GROUND HANDLING SERVICES IN RESPECT OF DOMESTIC* & INTERNATIONAL
SCHEDULE FLIGHTS FOR THE FIRST CONTROL PERIOD (FY 2021-22 to FY 2025-26)
FOR STAKEHOLDERS’ CONSULTATION.**

(Rates in ₹)

A/C	FY 2022-23			FY 2023-24			FY 2024-25			FY 2025-26		
	Pax	Ramp	Full	Pax	Ramp	Full	Pax	Ramp	Full	Pax	Ramp	Full
Domestic Passenger Flight												
Code B	7000	14000	20000	7500	15000	21400	8100	16100	22900	8700	17300	24600
Code C	10000	20000	30000	10700	21400	32100	11500	22900	34400	12400	24600	36900
Code D	15000	30000	45000	16100	32100	48200	17300	34400	51600	18600	36900	55300
International Passenger Flight												
Code C	42000	84000	125000	45000	89900	133800	48200	96200	143200	51600	103000	153300
Code D	59000	117000	175000	63200	125200	187300	67700	134000	200500	72500	143400	214600
Code E	88000	175000	262500	94200	187300	280900	100800	200500	300600	107900	214600	321700
Code F	105000	210000	315000	112400	224700	337100	120300	240500	360700	128800	257400	386000
Domestic Cargo Flight												
Code C	N/A	28000	N/A	N/A	30000	N/A	N/A	32100	N/A	N/A	34400	N/A
Code D	N/A	42000	N/A	N/A	45000	N/A	N/A	48200	N/A	N/A	51600	N/A
International Cargo Flight												
Code C	N/A	118000	N/A	N/A	126300	N/A	N/A	135200	N/A	N/A	144700	N/A
Code D	N/A	164000	N/A	N/A	175500	N/A	N/A	187800	N/A	N/A	201000	N/A
Code E	N/A	245000	N/A	N/A	262200	N/A	N/A	280600	N/A	N/A	300300	N/A

* *Tariff for Domestic Schedule Flights is also applicable to Domestic Non-Schedule & General Aviation Flights.*

Notes:

- *Above Tariff Rates are excluding of all applicable taxes, if any.*
- *Tariff determined shall be the maximum Tariff to be charged. No other charge is to be levied over and above the approved Tariff Rates.*
- *For payment in foreign currency, the RBI conversion rate as on the last day of the previous month will be applicable for the first fortnight and rate as on 15th of the month will be applicable for the Second fortnight.*
- *Any flight where either its arrival or departure are international, will also be considered as an International Flight for the purposes of applying above rates.*

Annexure-‘II’

**PROPOSED TARIFF RATES FOR M/S BIRD AIRPORT SERVICES (TRICHY) PVT LTD. (BASTPL)
FOR GROUND HANDLING SERVICES IN RESPECT OF INTERNATIONAL NON-SCHEDULE
& GENERAL AVIATION FLIGHTS FOR THE FIRST CONTROL PERIOD
(FY 2021-22 to FY 2025-26) FOR STAKEHOLDERS’ CONSULTATION.**

(Rates in ₹)

Financial Year	2022-23	2023-24	2024-25	2025-26
A/C Category	International	International	International	International
MTOW				
0-5000	45,000	48,150	51,521	55,127
5001-10000	82,500	88,275	94,454	101,066
10001- 20000	131,250	140,438	150,269	160,788
20001- 35000	150,000	160,500	171,735	183,756
35001- 40000	168,750	180,563	193,202	206,726
40001- 50000	187,500	200,625	214,669	229,696
50001- 100000	243,750	260,813	279,070	298,605
100001 –200000	461,250	493,538	528,086	565,052
200001- 300000	543,750	581,813	622,540	666,118
300001 and above	656,250	702,188	751,341	803,935

Notes:

- *Above Tariff Rates are excluding of all applicable taxes, if any.*
- *Tariff determined shall be the maximum Tariff to be charged. No other charge is to be levied over and above the approved Tariff Rates.*
- *For payment in foreign currency, the RBI conversion rate as on the last day of the previous month will be applicable for the first fortnight and rate as on 15th of the month will be applicable for the Second fortnight.*