

फाइल संख्या ऐरा/20010 एमवाईटीपी/सीएसआई/बीएमई/बीएलआर/सीपी-III/2021-26

File No. AERA/20010/MYTP/CASI/BME/BLR/CP-III/2021-26

भारतीय विमानपत्तन आर्थिक विनियामक प्राधिकरण
Airports Economic Regulatory Authority of India

आदेश संख्या 10/ 2021-22 का परिशिष्ट

ADDENDUM TO ORDER NO. 10/ 2021-22

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

जारी करने की तारीख: 13 जुलाई, 2022/

Date of Issue: 13th July, 2022

सेवा/ Service : ब्रिज माउंटेड उपस्कर (बीएमई) सेवाएं/
Bridge Mounted Equipment (BME) Services

सेवा प्रदाता/ Service Provider : मैसर्स सैलेबी एयरपोर्ट सर्विसेज इंडिया प्राइवेट लिमिटेड/
M/s Celebi Airport Services India Private Limited

हवाईअड्डा/ Airport : केंपेगौड़ा अंतरराष्ट्रीय हवाईअड्डा, बैंगलुरु/
Kempegowda International Airport, Bengaluru.

हवाईअड्डा प्रचालक/Airport Operator : बैंगलुरु इंटरनेशनल एयरपोर्ट लिमिटेड/
Bengaluru International Airport Limited

मैसर्स सैलेबी एयरपोर्ट सर्विसेज इंडिया प्राइवेट लिमिटेड द्वारा केंपेगौड़ा अंतरराष्ट्रीय हवाईअड्डा (केआईए), बैंगलुरु में बीएमई सेवाएं प्रदान करने के लिए तृतीय 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 providing BME Services by M/s Celebi Airport Services India Private Limited at Kempegowda International Airport (KIA), Bengaluru for the Third Control Period (FY 2021-22 to FY 2025-26).

1. **BACKGROUND:**

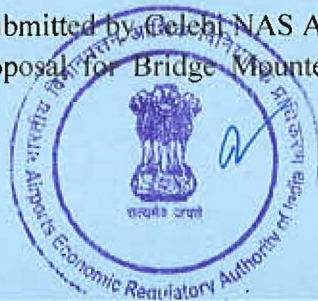
- 1.1 M/s Celebi Airport Services India Pvt. Ltd. (M/s CASI) is one of the Ground Handling Service Provider appointed by Bengaluru International Airport Limited (BIAL) for carrying out Ground Handling Service (GHS) at Kempegowda International Airport, Bengaluru through Service Provider Right Holder Agreement (SPRHA) dated 2nd May 2018. The Agreement between M/s CASI and BIAL is valid for 10 years, i.e. up to 1st May 2028.
- 1.2 The Authority vide Order No. 35/2018-19 dated 18th December, 2018 determined the Tariff(s) for Ground Handling Services provided by M/s CASI at Kempegowda International Airport (KIA), Bengaluru for the period of FY- 2018-19 to FY- 2020-21 of the 2nd control period under 'Light Touch Approach'. Thereafter, the Authority vide Order No.67/2020-21 dated 25th March 2021 extended the same tariff as applicable as on 31st March 2021 for the period up to 30th September 2021.



- 1.3 The Authority vide its Order No.10/2021-22 dated 27th August 2021 determined the regular Tariff for Ground Handling Services being provided by CASI, for the Third Control Period (FY2022 to FY2026), under Light Touch Approach.
2. Celebi NAS Airport Services India Private Limited (“CNAS”), another group company, was granted the Rights by BIAL to provide Bridge Mounted Equipment (BME) Services to Airlines at Terminals 1 & 2 of the KIA, Bengaluru in phases for a period of 12 years commencing from the BME Service commencement date of Phase-1.
- 2.1 CNAS was incorporated in December 2008 and is engaged in providing Ground Handling Services at Chhatrapati Shivaji International Airport (CSIA), Mumbai under the Concession Agreement signed with Mumbai International Airport Limited (MIAL). It started providing BME Services at Chhatrapati Shivaji Maharaj International Airport (CSMIA), Mumbai, in 2016 as part of Ground Handling Services.
- 2.2 Consequent to award of concession by BIAL (Airport Operator), CNAS submitted the Multi-Year Tariff Proposal (‘MYTP’) for BME Services to the Authority on 20th September, 2021, seeking approval for Tariffs proposed by the ISP for the Third Control Period (FY 2021-22 to FY 2025-26).
- 2.3 Just before the issuance of Consultation Paper by AERA for CNAS in respect of BME Services, the following communication was received from CNAS, vide its email dated 1st February 2022 stating that:
- (a) “The Concession Agreement has been novated to another group company i.e. Celebi Airport Services India Pvt Ltd (CASI) who is already providing Ground Handling services at Bengaluru Airport. An agreement between Bengaluru International Airport Ltd, CNAS & CASI has been executed 31st January, 2022 for this amendment.”
- (b) “There will be no change in the MYTP proposal except this change. Therefore, it is requested to kindly issue the tariff order in the name of Celebi Airport Services India Pvt Ltd.”
- (c) In this regard, CNAS submitted the following documents:
- (i) Copy of Certificate of Incorporation of Celebi Airport Services India Pvt Ltd. (CASI)
- (ii) Copy of Security Clearance in the name of Celebi Airport Services India Pvt Ltd.
- (iii) Shareholdings structure of CASI:

Sl. No	Name of Shareholder	% of Share held
1.	Celebi Hava Servisi Anonim Sirketi, Istanbul, Turkey	99.90%
2.	Celebi Havacilik Holding Anonim Sirketi	0.10%

- (d) In addition, CASI vide email dated 3rd February, 2022, submitted that “We hereby on behalf of Celebi Airport Services India Pvt Ltd confirm to the Authority that all the Project details, assumptions and workings submitted by Celebi NAS Airport Services India Pvt Ltd (CNAS) in regard to the MYTP Proposal for Bridge Mounted Equipment Services at Bengaluru



Airport deemed to be considered for Celebi Airport Services India Pvt Ltd (CASI) for the tariff proposal.”

- 2.4 In view of the above developments and based on the submission of CASI (para 2.3(d)), the Authority for the purpose of Tariff determination, considered the MYTP submitted on 20th September, 2021 & other information /documents relating to BME Services furnished by CNAS, as deemed submission by CASI.
- 2.5 CASI in its MYTP submission proposed uniform Tariff for BME Services for all the Tariff years of Third Control Period (FY 2021-22 to FY 2025-26).

Authority’s Examination at Consultation Stage

The Authority, carefully examined the MYTP for the Third Control Period submitted by the CASI for providing of BME Services at Bengaluru International Airport and after considering additional information/ various clarifications submitted by the ISP, issued its Consultation Paper (CP) No. 31/2021-22 dated 04.02.2022. The Authority in aforesaid CP, after considering the traffic volume, Capex, O&M Expenses & taking into account other relevant aspects, proposed the Tariff and profitability for ISP for Third Control Period as per Table-1 and Table-2 given below respectively:

Table 1: ARR proposed by the Authority for the Third Control Period at CP stage

(₹ in lakhs)

Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
Average RAB (A)	2136.78	4390.90	4490.29	4228.81	3741.81	
Fair Rate of Return (B)	11.04%	11.04%	11.04%	11.04%	11.04%	
Return on Average RAB (C) = (A*B)	235.90	484.76	495.73	466.86	413.10	2096.34
Opex (D)	193.86	1116.84	2283.83	2946.52	3141.82	9675.83
Depreciation (Refer Table 14) (E)	95.10	441.90	487.00	487.00	487.00	1998.00
Tax (F)	0.00	0.00	0.00	225.51	242.37	467.88
Return on Security Deposit (G)	8.75	17.50	23.33	55.90	70.67	176.15
ARR (H) = Sum(C:G)	533.61	2053.95	3289.89	4181.79	4354.96	14414.19
Discount Rate	11.04%	11.04%	11.04%	11.04%	11.04%	
PV Discount	1	0.9	0.81	0.73	0.66	
PV of ARR @ 11.04% (I)	533.61	1849.73	2668.23	3054.39	2864.61	10970.57
Revenue Projected by CASI (J)	162.00	1943.99	4658.09	5889.21	6093.58	18746.87
PV of Revenue Projected by CASI (K) = (J*B)	162.00	1750.71	3777.89	4301.49	4008.25	14000.34



Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
% Tariff Decrease proposed	0.00%	21.90%	0.00%	0.00%	0.00%	
Revenue after Tariff Decrease (L)	162.00	1518.26	3637.97	4599.47	4759.09	14676.78
PV of Revenue after Tariff Decrease (M)	162.00	1367.31	2950.53	3359.46	3130.44	10969.74

Table 2: Profitability proposed by the Authority for the Third Control Period at CP stage
(₹ in lakhs)

Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
Estimated Revenue	162.00	1518.26	3637.97	4599.47	4759.09	14676.78
Revenue from Regulated Services	162.00	1518.26	3637.97	4599.47	4759.09	14676.78
Revenue from other than Regulated Services	-	-	-	-	-	-
Operating Expenditure	193.86	1109.79	2283.83	2946.53	3141.82	9675.84
Earnings before Depreciation, Interest & Taxation (EBDIT)	-31.86	408.46	1354.13	1652.94	1617.27	5000.95
Depreciation	95.10	441.90	487.00	487.00	487.00	1998.00
Earnings before Interest & Taxation (EBIT)	-126.96	-33.43	867.13	1165.94	1130.26	3002.95
Total Interest and Finance Charges	96.72	322.93	315.85	241.18	167.26	1143.94
Profit/(Loss) Before Tax	-223.68	-356.36	551.28	924.76	963.00	1859.01
Tax @ 25.17%	0.00	0.00	0.00	225.51	242.37	467.88
Profit/Loss after taxation	-223.68	-356.36	551.28	699.25	720.64	1391.13

2.6 The Authority solicited the comments/suggestions of the Stakeholders on the various proposals of the Authority contained in the subject CP with the following timelines:

- Date of Issue of the Consultation Paper: 04th February, 2022.
- Date for submission of written comments by Stakeholders: 03rd March, 2022.
- Date for submission of counter comments: 14th March, 2022.

2.7 The Authority received comments on the Consultation Paper No. 31/2021-22 from following stakeholders:



(i) CASI

(ii) M/s SpiceJet Ltd.

(iii) Bengaluru Custom House Agents Association Ltd.

Stakeholder's comments were uploaded on the AERA's website vide Public Notice no. 49/2021-22 dated 04.03.2022. Subsequent to Public Notice no. 49/2021-22 dated 04.03.2022, the Authority received counter comments from CASI on 14.03.2022.

3. **Stakeholders' Comments on Consultation Paper:**

3.1 **Comments of M/s CASI:**

3.1.1 M/s CASI vide letter dated 17.02.2022 submitted its comments on the various proposals of the Authority contained in the CP; wherein CASI, inter-alia, submitted that BME services are basically part of Ground Handling Services & Competitive in nature. Accordingly, Tariff for BME services should be determined on "Light Touch Approach" due to various reasons enumerated below:

(a) **Defining "BME Services"**: With reference to Clause 1.9.1 of the Consultation Paper No. 31/2021-22, CASI submitted that the kind of services which are subject matter herein are services which are provided to power up & keep Aircrafts cooled/ temperature ambient for comfort of passengers, whilst they are parked at any bay at KIA, Bengaluru be it at any remote bay or at an air bridge. It is eminent to note here that such services can also be provided to any parked Aircraft through Ground Power Unit (GPU) and/or Air Conditioning Unit (ACU) and/or by using its (aircraft's) own cooling system (APU). As such, it may be clearly resolved that power & cooling services can be provided to Aircrafts on ground by (1) BME Service provider (2) Ground Handlers through their GPU & ACU and (3) Through Aircraft Auxiliary Power Unit (APU).

As such, the subject services being termed as "BME Services" cannot by any stretch of imagination be termed as "Non-competitive" but rather are clearly "Competitive" in nature as are being provided through various modes and by various service providers. The airports where there is no BME Services, airlines either use their APU or take the required Power & Cool Air from Ground Handling Equipment like GPU and ACU.

(b) **BME Services are optional services and not Mandatory services:** Furtherance to above and with regard to Clause 1.9.2 of the Consultation Paper, it is most humbly submitted that an optional service which is not mandatory for the Aircrafts landing at KIA, Bengaluru cannot be termed as "Non-competitive". However, with BME units at airport, Airlines get one more option from where they can take these services. The aircrafts which will not be parked at aerobridges will continue to take the services from APU or GPU/ACU.

Even none of the policies such as National Green Aviation Policy (Draft), DGCA Civil Aviation Requirement (Section 10 – Aviation Environmental Protection) and Whitepaper on National Green Aviation Policy makes its usage mandatory. Whitepaper on National Green Aviation Policy dated 11 March 2019 issued by Ministry of Civil Aviation, Government of India, states about the usage of BME in its Clause 8.6 that "All airlines should use the BME facilities if the option of using such facility is available in Airports as a preferred choice for meeting on gate power and conditioned air requirements."



(c) **BME Services are a part of “Ground Handling” services:** BME Services are a part of “Ground Handling” services as provided and defined either under Airports Authority of India (Ground Handling Services) Regulations, 2018; or under AIC Order Sl. No. 18/2019 dated 28.10.2019 issued by DGCA qua grant of permission for providing Ground Handling Services at Airports other than those belonging to the Airports Authority of India, as the case may be. It is most respectfully submitted that BME Services are not segregated from Ground Handling Services and as such, it is eminent to mention that such services, at any given Airport, are provided by several service providers and not by merely one. Though the mode and manner of providing the services may be different, but it is at user’s discretion to choose its own service provider amongst available many options. Similarly at KIA, such services are being provided by several service providers such as:

- BME Service Provider
- Ground Handling agencies through their GPU & ACU
- Airlines through their Auxiliary power unit (APU) and not just by CASI.

As such, the BME service which are a subject matter herein are not “Non-competitive” but on the contrary are clearly “Competitive”, and as such, a “light touch approach” has to be adopted for determination of its tariff(s) and not the “Price Cap approach” method. Apart from above, it is also pertinent to mention here that at other Airports where BME Services are a part of Ground Handling Services, they are assessed to be of “Competitive” nature. It is requested that similar approach may kindly be adopted in the instant case.

Proviso to Clause 5 of 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 provides for exercising of discretion by AERA to consider additional factors and evidence regarding reasonableness of competition. Under Clause 2.2 of the Consultation Paper under response bearing No. 31 / 2021-22, your good self has assessed the BME Services proposed to be provided by CASI at KIA as “Non-competitive”. However, your good self has statutory discretionary inherent powers vested in your good self to considering other crucial evidence, factors and reasons to resolve / assess otherwise. All the evidence, grounds and reasons mentioned hereinabove strongly denote BME Services proposed to be provided by CASI towards being eminently “Competitive”.

Under the facts of matter stated above, it is within your good self’s statutory and discretionary authority, to consider above facts and reasons and assess / resolve that the BME Services being proposed to be provided by CASI as “Competitive” and thereafter to adopt a “light touch approach” instead of a “Price Cap approach” method while determining its tariff(s).

3.1.2 **Revision in Revenue:** M/s CASI, in their comments has stated that due to delay in phasing plan of PHASE-2A by 6 months, total revenue is projected to decrease from Rs. 18747 Lakhs to Rs. 18363 Lakh. As per the Phasing Plan submitted by them and presented in Table 2 of CP, BME units under Phase 2A were going to be installed at Terminal 2 (Domestic Pier) of the Airport and it was expected to be operational from 1st April 2022 and BME units had also arrived at the Airport along with Phase 1 units. As per the current situation at the Airport, it seems that the Terminal will not be ready before Sep/Oct’22. This will lead to a shift in the start of operations at Phase 2A from earlier expected month of Apr’22 to Oct’22. The updated projected Revenue due to change in phasing plan is as below:



Table 3: Revenue as per initial submission at CP stage

						(₹ in lakhs)
Revenue	2021-22	2022-23	2023-24	2024-25	2025-26	TOTAL
FEGP	101	1212	2849	3602	3734	11498
PCA	61	732	1809	2287	2359	7249
TOTAL	162	1944	4658	5889	6094	18747

Table 4: Decrease in Revenue after revision in Phasing Plan submitted by CASI as part of its comments on CP:

							(₹ in lakhs)
Revenue	2021-22	2022-23	2023-24	2024-25	2025-26	Total	Diff in FY 22-23
FEGP	101	989	2,849	3,602	3,734	11,275	(18.4%)
PCA	61	572	1,809	2,287	2,359	7,089	(21.9%)
Total	162	1,561	4,658	5,889	6,094	18,363	(19.7%)
Diff.	0	383	0	0	0	383	

- 3.1.3 **Inclusion of GST in RAB:** M/s CASI requested the Authority to allow them to include the GST paid on assets in Gross Block of RAB and the input credits which they will claim every year can be reduced from each year's RAB for arriving at average RAB every year.
- 3.1.4 **Return on Security Deposit:** M/s CASI submitted that Return on Security Deposit may be provided @ 8.1% which is the cost of the debt, in place of nominal rate of return @ 5% considered by the Authority in CP.
- 3.1.5 **Fair Rate of Return (FRoR):** M/s CASI submitted that the Authority has reduced the Cost of Equity from 18% to 14% (in CP). CASI requested that considering the Project risk, as BME being a new project with no historical data and due to adverse impact of Pandemic on aviation industry, the Authority may consider an additional premium of 2% on the Standard Return on Equity and allow Cost of Equity to be considered @16% and FRoR @ 12.04%.
- 3.1.6 **Repairs & Maintenance Expenses:** CASI in its comments submitted that the Authority has reduced the Repairs & Maintenance Expenses, as compared to their proposal. CASI stated that that the expenses claimed by them in the initial submission were very reasonable and comparable with the existing BME operations at Mumbai airport. In the first 4 years of the BME operations at Mumbai Airport, the effective repair & maintenance expenses as % to BME asset value were even higher starting from 1.20% and increasing to 4.80% by 4th year. Please refer below table:

Table-5: R&M Expenses for BME Services provided by CNAS at Mumbai airport as submitted by CASI in its comments on CP

				(₹ in lakhs)
BME	2016-17	2017-18	2018-19	2019-20
Capex	6,646	6,646	6,867	6,867
Repair & Maintenance Expenses	80	150	276	329
Effective % to Capex	1.20%	2.26%	4.01%	4.80%



Due to delay in Phase 2A, CASI submitted that they accept that there will be reduction in repair & maintenance expenses and expenses can be reduced by 50% from 2% to 1% of the Asset value in initial years but for the remaining years, ISP requested the Authority to consider R&M Expenses as proposed in the table below:

Table 6: Repair & Maintenance Expenses for BME Services at KIA submitted by CASI in its comments on CP

(₹ in lakhs)						
Particulars	2021-22	2022-23	2023-24	2024-25	2025-26	Total
Asset Value	4,229	4,905	5,356	5,356	5,356	
% of Capex		1.0%	2.0%	3.0%	4.0%	
Rep & Maintenance	0	49	107	161	214	531

3.1.7 **Corporate Overhead Allocation:** CASI submitted that similar to every organisation, they also have non-operational costs like staff cost of support departments like Finance, HR, IT, Procurement, Legal, Sales & Marketing etc., audit fees, consultancy expenses, legal expenses, sales & marketing expenses, travel expenses, IT related expenses on common IT infrastructure, software etc. These expenses were missed to be allocated to this BME project. The allocation is on Net Revenue basis (Revenue less Concession fees) across all the projects of CASI.

3.1.8 In the below table, the non-operational expenses incurred in FY 2019-20 (pre pandemic year) for FY 2022-23 and post that 5% inflationary increase every year has been considered to be allocated for the control period.

Table 7: Allocation of Corporate Expenditure as per CASI's Comments on CP

(₹ in lakhs)					
Particulars	2021-22	2022-23	2023-24	2024-25	2025-26
Total Corporate Cost	2,116	2,434	2,555	2,683	2,817
Net Revenue % share to BME, Bengaluru.		3.79%	7.60%	8.01%	7.45%

3.2 **Comments of M/s SpiceJet on the Consultation paper**

3.2.1 M/s SpiceJet vide letter dated 03.03.2022 submitted their comments, on the various regulatory building blocks proposed by the Authority for CASI in its Consultation Paper, inter-alia, stated as under:

3.2.2 **Applicability of BME Services (Refer 1.9.2, 1.9.4.1 and 3.8 of the CP):** While it is generally mentioned in section 1.9.2 and 1.9.4.1 of the CP that the BME Services would provide an option to the airlines, however in section 3.8 of the CP it is mentioned that "CASI has also confirmed that the airlines shall have options either to choose BME services or avail the power and air from their APUs." Here the option is limited to availing air and power from APU's, and does not mention Ground Power Units (GPUs) and Air-conditioning Units (ACUs) as options. Airlines widely utilise GPUs and ACUs as an option to utilising APUs as not only a standard cost saving practice but also for conserving the life of the APUs, which are very expensive in maintenance.

Hence, we request AERA to clarify whether airlines would be allowed to utilise GPUs and ACUs (and/or any other suitable means allowed by applicable authority) as an option to the BME Services. In the event GPUs and ACUs etc. are excluded from being an option to BME Services in the present CP, we request AERA to ensure inclusion for allowing utilisation of GPUs and ACUs



(and/or any other suitable means allowed by applicable authority) as options to the BME Services at KIA in its Tariff Order. In the event utilisation of GPUs and ACUs etc. as option is not included, SpiceJet is not in agreement with present proposal for BME Services at KIA for the reasons mentioned above.

- 3.2.3 **Capital Expenditure (Refer 4.2.2 of the CP):** Without prejudice to the above, although it is noted that CASI is a new entrant to commence the BME Services at KIA, in case CASI wants to make capital expenditure, then it should be at no additional expense to the airlines until the project is completed and put to use. Further, in the event the AERA allows the proposed Capex, in the current situation in order to support the airlines to continue and sustain its operations, and since IATA and CAPA have projected that it will take around two (2) - three (3) years for the flight operations to reach to its pre COVID-19 peak levels (and especially international traffic), we suggest that the Capex for FY 2022-23 (and remaining Capex of FY 2021 - 22, if any) be more evenly spread into not only to FY 2023-24, but into FY 2024-25 as well.
- 3.2.4 **Regulatory Asset Base (Refer 5.5.1 of the CP):** While AERA has considered a nominal return of 5% on the Security Deposit, we suggest this rate of return may not reflect the present rate of return being offered by bank fixed deposit of around three (3) % (i.e., return on investment after the income tax), and request the AERA to reconsider the same.
- 3.2.5 **Fair Rate of Return (Refer 6.2.3 and Table 20 of the CP):** With regard to the FRoR of 11.04 % considered by the AERA, such fixed/ assured return favors the service provider, however it creates an imbalance against the airlines. Due to such fixed/assured returns, Independent Service Providers at KIA have no incentive to look for productivity improvement or ways of increasing efficiencies, or to take steps to reduce costs as they are fully covered for all costs plus their hefty returns. In the present scenario any assured return on investment to any services providers like CASI, in excess of three (3) %, i.e., being at par with bank fixed deposits (i.e. return on investment after the income tax), will be onerous for the airlines.
- 3.2.6 **Operating Expenditure (Refer 7.1, 7.2, 7.2.5 and Table 28 of the CP):** M/s SpiceJet submitted that cost incurred by the service provider impacts the airlines, as almost all such cost is passed through or borne by the airlines. Further, in view of industry reports from IATA and CAPA, which foresee a minimum period of two (2) - three (3) years for air traffic and flight operations to reach pre COVID-19 levels, we submit that AERA may consider the Operating Expenses more in line with the revised Financial Year scheduled for capitalization, as per Point 2 above (Capital Expenditure).

Considering that CASI being a new entrant at KIA, it should bring in efficiency in its operations and optimize the overall O&M expenses, so that it can have a competitive edge to achieve economy of scale in its operations in the interest of all the stakeholders.

The rate of royalty at KIA airport for CASI is as high as 24% of Gross Revenue. On requesting abolishment of Royalty Charges / Concession Fees, sometimes it is rebutted that the matter of Concession Fee is a subject between the Independent Service Providers and the Airport Operator as per the agreement entered between these two parties, and this should be taken up with the Independent Service Providers and the Airport Operator at the time of the tariff determination process in consultation papers (E.g. Ground Handling Charges). It appears that the AERA or airline has no say in this matter. However, the AERA is not bound to be governed by the agreement between the Independent Service Providers and the Airport Operator, and may take a fair view on the amount of concession fee to be built into the building blocks, if any, for the



computation of the ARR. In view of the above, we urge AERA not to be limited by any agreement that may have been entered into between CASI and KIA and to abolish such royalty/concession fee which may be included in any of the cost items.

3.2.7 **Tariff Proposal: - (Refer 10.4.4 and Annexure II of the CP):** The proposed tariff is very high, especially in the backdrop of COVID-19. It is in the interest of all the stakeholders to keep the tariff very competitive, in order to encourage the airline to reduce carbon emission and noise pollution, which will also help in sharp post-COVID-19 recovery of aviation sector. Further, the SpiceJet stated the following when comparing the proposed rates to the rates at IGIA at Delhi for similar services:

The tariff proposed by the Authority at KIA appears to be higher by approx. 20% to as high as 50% in case of FEGP service.

The tariff proposed by the Authority at KIA appears to be higher by approx. 12% to as high as 22% in case of PCA service.

SpiceJet requested the AERA that CASI may not be allowed, by virtue of being in a single monopolistic situation, to be able to charge rates higher at IGIA at Delhi. AERA is requested to consider the comparative analysis of BME Services charges as applicable at Delhi, Hyderabad, Mumbai and other airports in India.

3.2.8 **Conflict of interest between different legal entities (Refer 1.2, 1.3, 1.4, 1.5 of the CP):** It is understood that Celebi NAS Airport Services India Private Limited ("CelebiNAS") is a joint venture between Celebi Hava Servisi A.S. Turkey and NAS Aviation, Kuwait. It is also understood that Celebi Airport Services India Pvt. Ltd (CASI) is a 100% owned subsidiary of Celebi Hava Servisi A.S. Turkey. As CASI is also a ground handling agency at KIA, we request that an appropriate mechanism may kindly be implemented at KIA that does not allow booking of costs belonging to the Ground Handling vertical of CASI into the costs of the BME Services vertical of CASI. It may be noted that Ground Handling vertical of CASI is approved under Light Touch Approach by the Authority. Therefore, we request AERA to consider whether it is appropriate that a new company, 100% subsidiary of CelebiNAS, should be formed to undertake BME function.

3.2.9 **Discount for long duration usage: - (Refer Annexure 1 & 2 of the CP):** We request AERA to incorporate discounted rates for aircraft which may be parked for more than 2 hours and using FEGP/PCA services. AERA is requested to kindly take into consideration the discount mechanism as may be applicable at IGIA Delhi on FEGP rates and discount on PCA rates, which we understand are between 20% to 40%. In addition, we also request that the minimum usage time be reduced to 10 minutes and rounding off of the usage timing be of 5 minutes.

3.3 **Comments of Bengaluru Custom House Agents Association Limited:** Bengaluru Custom House Agents Association Limited vide letter dated 26.02.2022 has submitted its suggestions for the improvement of the various services at the terminal without any specific reference to the CP no. 31/2021-22 dated 04.02.2022.

3.4 **M/s CASI's response on M/s SpiceJet's comments:**

3.4.1 **Applicability of BME Services**—*"We have already clarified in our letter dated 4th Feb, 2022 Point 1 & 2 that airlines will always have an option to use either their own Aircraft's APU or ground handling equipment like GPU & ACU. Such multiple options clearly indicate that there is a competition for this service."*

3.4.2 **Capital Expenditure** —*"The capex has been planned & already spread over 3 years based on the aerobridges going to be fitted at KIAB. Number of flights at KIAB have already reached at 84% at Pre-pandemic levels (Dec'21 vs Dec'19) and even if we have to serve BME services to one flight, BME units will have to be installed on the aero bridge."*



- 3.4.3 **Regulatory Asset Base** – “Return on FD @ 3% is fully not correct as for longer tenure the FD interest rate is higher than 5%. The security deposit is paid through the borrowed funds therefore the return on the deposits should be at the borrowing cost.”
- 3.4.4 **Fair rate of return (FRoR)** – “Any business is being done with the combination of debt & equity. Cost of Debt is as per the prevailing bank rate and the Cost of Equity is return on Govt. bonds plus risk premium. FRoR is nothing but weighted average cost of capital.”
- 3.4.5 **Operating Expenditure** – “Our majority of the expenses is variable in nature and will incur as and when the services will be provided.”
- 3.4.6 **Tariff proposal** – “Our tariffs are competitive in nature and detailed rationale has been explained in our comments on the consultation paper.”
- 3.4.7 **Conflict of interest between different legal entities** – “We have a robust system of capturing & accounting the expenses in SAP and the same gets audited as well. CelebiNAS is not a service provider at Kempegowda International Airport, Bengaluru. There is no conflict of interest.”
- 3.4.8 **Tariff Proposal** – “Investment made at IGIA, Delhi was done more than a decade ago and therefore it is not comparable.”
- 3.4.9 **Long Duration Usage** – “AERA approved tariffs is the maximum tariffs and long usage customers can negotiate for the discount on one-to-one basis with the service provider”.

4. **Authority’s Examination and Analysis on various Building Blocks post Consultation Stage:**

4.1 Following is the analysis of the Authority after considering the comments and counter comments and all relevant facts:

4.1.1 **Applicability of BME Services:** The Authority notes the comments of M/s CASI & SpiceJet and counter comments of ISP on the BME Services. The Authority has examined the submission of CASI, regarding the nature of BME Services at KIA, in details and notes that these services (BME services) are provided to power-up & keep the Aircraft cool/maintain ambient temperature inside the aircraft’s cabin, whilst the aircraft is docked to Passenger Boarding Bridge (Aero bridge).

4.1.2 The Authority also notes that other Ground Handling Agencies operating at KIA also providing similar services to aircraft parked at the airport, utilising their ground handling equipment like Ground Power Unit (GPU) and/or Air Conditioning Unit (ACU), to keep the aircraft’s cabin cool & to provide ground power to the aircraft. In addition, aircraft can also utilise its own Auxiliary Power Unit (APU) for keeping the aircraft cool.

4.1.3 The Authority, has taken the cognizance of the CASI’s submission wherein it states that BME Services are not mandatory for the aircrafts parked at KIA, instead, BME Services provides additional option to the Airlines, whilst the aircraft is parked at Aerobridge, from where they can take these services. The aircrafts which will not be parked at aerobridges will continue to take the services from APU or GPU/ACU. Further, the Whitepaper on National Green Aviation Policy dated 11.03.2019, issued by Ministry of Civil Aviation (MoCA), Government of India, also provides BME Services as additional option to airlines. The clause 8.6 of National Green Aviation Policy pertaining to usages of BME is reproduced here under:

“Clause 8.6: All airlines should use the BME facilities if the option of using such facility is available in Airports as a preferred choice for meeting on gate power and conditioned air requirements.”

4.1.4 The Authority also referred to the MoCA’s (Ground Handling Services) Regulations, 2017 notified on 15.12.2017, wherein Ground Handling is defined as under:

“Ground handling” means services necessary for an aircraft’s arrival at, and departure from, an



airport other than air traffic control and it includes–

- (i) Ramp handling including activities as specified in Schedule-I;*
- (ii) Traffic handling including activities as specified in Schedule-II; and*
- (iii) Any other activity specified by the Central Government from time to time.*

From the examination of ground handling regulations, 2017, the Authority observes that though the BME Services are not mentioned anywhere in the regulations; however, the services provided through BME and other ground handling equipment like GPU/ACU are broadly covered under the ground handling activities indicated in Schedule-I (Ramp Handling) of the Ground Handling Regulations, 2017. Hence, it would not be prudent to categorize/ treat BME Services differently from other Ground Handling Services. The Authority also notes that in case of Mumbai airport, BME Services had been considered as part of “Ground Handling Services” and its Tariff was determined along with other ground handling services following the “Light Touch Approach”, vide Order no. 41/2017-18 dated 26.03.2018.

- 4.1.5 However, the MYTP for BME services was submitted by M/s CelebiNAS, with the intention to be the sole provider of new BME Services at Bengaluru Airport, as per the concession agreement executed between the Airport Operator & the Service Provider. While, the Authority was reviewing the MYTP and preparing the Consultation Paper, the CelebiNAS changed course mid-way and novated the Concession Agreement signed by it with the Airport Operator in favour of another group company of Celebi, namely Celebi Airport Services India Pvt Ltd (CASI). The Authority also observed that BME being a new service at the Bengaluru airport, had no historical trendline data which can be relied upon for a reasonable forecast for aircraft traffic volume that BMEs will cater to at Bengaluru airport. Further, BME being optional service at the airport, it was expected that it will take a while for the User Airlines to adapt to new services at KIA, Bengaluru. In the above background and also noting that the Civil Aviation Industry was recovering from the adverse impact of Covid19 pandemic and also keeping the interest of all the Stakeholders in mind, the Authority decided to consider the tariff determination exercise for this service under Cost Plus Method.
- 4.1.6 As part of consultation process, the Authority received comments/views from various stakeholders, including CASI. M/s SpiceJet submitted in its comments that the aviation industry is just trying to recover from Covid-19 pandemic situation & as per industry estimates (IATA & CAPA) it would take almost 2 to 3 years for airline operations to reach pre-Covid level in terms of number of flights and passengers. In the above context, M/s SpiceJet stated that the airlines are constrained to implement severe cost control measures to sustain its operations; similarly, CASI should also bring in efficiency in its operations and optimize the overall O&M expenses so as to achieve economy of scale in its operations in the interest of all the stakeholders. As per SpiceJet, the proposed tariff is very high, especially in the backdrop of Covid-19, it is in the interest of all the stakeholders to keep the tariff very competitive. (Refer para 3.2.1 to 3.2.9 for detailed comments of SpiceJet).
- 4.1.7 In view of the peculiarity of instant proposal explained above & considering the comments of stakeholders on consultation paper, the Authority has optimized/rationalized few components of regulatory building blocks, including Operation & Expenses (such as Power & fuel expenses, Corporate Overhead Expenses, R&M expenses) so as to ensure that only efficient O&M expenses are considered, particularly in the aftermath of Covid pandemic. Authority takes such exercise under ‘Light Touch Approach’ also wherever required. The Authority, also notes the comments of CASI, vis-à-vis the nature of BME Services in the background of MoCA’s Ground Handling Regulations 2017, wherein the ISP has stated that the BME Services are proposed as an additional option to the airlines and the same may be treated as part of Ground Handling Services. The Authority, accordingly decides to consider BME Services as a part of Ground Handling Services at KIA, Bengaluru.



4.1.8 The Authority decides to determine the Tariff for BME Services at KIA, Bengaluru as an addendum to Authority's Order no 10/2021-22 dated 27.08.2021 pertaining to determination of Tariff for Ground Handling Services provided by CASI at Bengaluru airport for the Third Control Period.

4.2 **Capital Expenditure:** The Authority noted the comments of M/s SpiceJet and M/s CASI's response thereon. The Authority notes that major portion of proposed CAPEX (BME) as per Phase I & Phase 2A has already been incurred by the ISP. The ISP in its response confirmed that the proposed Capex is essential for provision of BME Services, which are eco-friendly green technology and is in line with the Whitepaper on National Green Aviation Policy dated 11.03.2019, issued by Ministry of Civil Aviation (MoCA), Government of India.

Further, the Authority notes that as per AAI Traffic News, Air-Traffic movements at Bengaluru airport for the month of April, 2022 (16767 nos.) have already surpassed the corresponding Air-Traffic movements in the pre-Covid period (14651 nos. in April, 2019). Hence, the projected CAPEX is also required to meet the future ATM demand for BME Services at KIA, Bengaluru. The Authority also observes from the CASI's counter submission relating to projected CAPEX that even if a single flight is to avail BME services, they would have to install BME Units at the Aerobridge. The Authority, at consultation stage had proposed a capex of Rs. 5496.31 Lakhs (after excluding Security Deposit of Rs. 1413.41 Lakhs), as against Rs. 6909.71 Lakhs (inclusive of Security deposit of Rs.1413.41 Lakhs) proposed by CASI.

Considering the above, the Authority feels that CAPEX projected for the Third Control Period is reasonable and decides to consider the Capex of Rs. 5496.31 Lakhs for the Third Control Period, as proposed at Consultation Stage.

4.3 **Inclusion of Goods and Service Tax (GST) in RAB:** As regard to inclusion of GST paid on Assets in Gross Block of RAB, the Authority notes that the rationale given for the inclusion of the GST in the Asset Value, on the plea that GST increases the cash outflow at the time of purchase of an Asset, does not hold good; as the GST paid to the Government entitles the assessee for Input Tax Credit as per GST Act 2017, thereby decreases the output GST liability of the business entity.

As per the provision of GST Act, the GST amount paid/payable on the Assets can be capitalized and depreciation claimed thereon, provided no input tax credit is claimed against the GST so paid. Since, GST paid on Assets is available as input tax credits for settlement of output GST liability; therefore, it cannot form part of RAB, and, is excluded from RAB.

The time difference between the payment of GST and utilization of Input Tax Credit is a matter of temporary cash outflow, associated with the statutory tax, and same has to be managed by the business entity.

4.4 **Return on Security Deposit:** The Authority noted the comments of M/s SpiceJet and M/s CASI's response thereon. The Authority, keeping in view the observations of Hon'ble TDSAT in the matter of DAFFPL vs AERA, where Hon'ble TDSAT has stated that the equity has to be used as source of fund, necessarily for the operation of the required service or activity. In the present case, the security deposit has no such purpose, and, therefore, only on account of an unusual and peculiar arrangement between the Service provider and Airport Operator; it would be unfair to other stakeholders who pay for such Aeronautical Service relating to Ground Handling to compensate M/s CASI for a deposit which is not related to the operations of the Ground Handling. Hence, the SD can't be considered as part of RAB. In light of the above, a nominal return of 5%



on account of inflation is provided on Security Deposit, which appears to be adequate.

4.5 **Fair rate of return (FRoR):** The Authority noted the comments of M/s SpiceJet and CASI on FRoR.

As regard to M/s CASI submission regarding enhancement of Cost of Equity from 14% to 16%, (in CP). The Authority, at CP stage had considered Cost of Equity @ 14%, which is in line with its consistent approach as was taken in case of other ISPs/ Airport Operators, accordingly, the same approach has been considered for CASI.

As regard to M/s SpiceJet's comments to consider FRoR for CASI around 3%, in line with banks FD rates, the Authority is of the view that any service provider invests on capital assets, particularly for aeronautical assets having long gestation period, in such a long-term investment, the service provider needs a stable return on equity. Therefore, the Authority finds that it is not practical to cap the FRoR @ 3% when service provider brings in a combination of debt and equity to finance the requirement of CAPEX towards purchase/replacement of capital assets.

The Authority notes that Average FRoR at CP stage was determined @ 11.04%, by working out the individual rates of FRoR for all the 5 Tariff Years of the Control Period and averaging the same. Whereas, as per CGF Guidelines 2011, weighted gearing is calculated first then FRoR is calculated based on the weighted Cost of Debt and Cost of Equity as per the given formula. The Authority, accordingly, has recalculated the FRoR for the Control Period, after considering the weighted Gearing for calculation of FRoR (Cost of Equity & weighted Cost of Debt) @ 10.96% as under:

Table 8: Revised FRoR calculated by the Authority for the Third Control Period

(₹ in lakhs)

Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
Equity (A)	2700	2700	2700	2700	2700	
Debt (after repayments) (B)	3273	4125	3225	2325	1425	14373
Total (C)	5973	6825	5925	5025	4125	27873
Gearing (G)	54.80%	60.44%	54.43%	46.27%	34.55%	
Cost on Equity (K _e)	14.00%	14.00%	14.00%	14.00%	14.00%	
Cost of Debt (K _d)	8.10%	8.10%	8.10%	8.10%	8.10%	
Weighted Average Gearing (WG) = $\{\sum_{T=1}^5 (C*G)/\sum_{T=1}^5 C\}$						51.57%
FRoR = $\{(WG*K_d)+(1-WG)*K_e\}$						10.96%

The revised FRoR has been considered by the Authority for the purpose of computing Return on Average RAB & discounting to arrive at PV of ARR/Projected Revenue.

4.6 **Operating Expenditure:** The Authority noted the comments of M/s SpiceJet and M/s CASI's response thereon.

As regard to M/s SpiceJet's comments that CASI being a new entrant at KIA (for BME), it should bring/ maintain efficiency in its operations and optimize the O&M Expenses from the beginning of its commercial operations, the Authority has already reviewed in details various components of



operating costs & rationalized projected expenses at consultation stage.

As regard to M/s SpiceJet's comments on high rate of concession fee at KIA & abolishment of such royalty/ concession fee, the Authority is of the view that the Concession Fee is a subject matter between the Independent Service Providers and the Airport Operator. The concession fee is paid by ISP to the Airport Operator, based on their mutual commercial agreement. It is pertinent to note that as per the regulatory approach for determination of aeronautical Tariff for Airport Operators (AO), the royalty/concession fee paid by the ISPs are treated as aeronautical revenues in the hands of AOs; hence, such revenues directly help in subsidizing the aeronautical Tariff, levied by Airport Operators to the Airlines. Further, the Authority considers that bidding process, based on which the Royalty Charges/ Concession Fee is levied on to the ISPs by the Airport Operators, is a non-regulatory issue. Such matters may be dealt among the Stakeholders at appropriate forums.

4.7 The Authority, has considered the Stakeholders' comments & counter comments of the ISP, including delay in phasing plan of PHASE-2A by six months leading to reduction in projected revenue, and accordingly made suitable adjustments in various regulatory building blocks and reworked the various subheads of Operation & Maintenance Expenditure for CASI for Third Control Period as follows:

- a) **Salaries and Wages:** The Authority, at consultation stage had proposed Rs. 1228.57 Lacs as salaries and wages expenditure; however, due to delay in Capex phasing plan of PHASE-2A by six months, salaries and wages has been rationalized to the tune of Rs.24.24 Lacs to Rs.1204.33 Lacs.
- b) **Repair and Maintenance:** The Authority notes that as per Supply Contract, BME equipment is under warranty for 24 months. Further, considering the delay in commissioning of Phase 2A by six months and expected low utilization of BME in initial years as it is a new optional services and Airlines will gradually switchover to new concept & there will be low wear and tear of equipment initially leading to low requirement for repair & maintenance, the Authority, therefore decides to maintain the same view as taken at Consultation Stage, except for minor adjustment for delay in commissioning of Phase 2A. Accordingly, the Authority decides to readjust the repair and maintenance by Rs.12.27 Lacs to Rs.306.86 Lacs.
- c) **Power and Fuel:** The Authority notes the comment of M/s CASI on power and fuel expenditure. At consultation stage, the Authority had proposed Rs. 4124.27 Lacs as power and fuel expenditure for the Third Control Period. The Authority notes that BME Services being a new set of services at the Bengaluru airport, relatively new concept at national level as well, for which there is no historical trendline data in respect of Bengaluru airport which can be relied upon for a reasonable forecast of aircraft traffic volume that BMEs will cater to at the airport. Further, it being optional services at the airport, it will take a while for the User airlines to adapt to new services. Considering the above, particularly the absence of any historical baseline data for BME services, and ISP's submission for considering higher Power & Fuel Expenses for the Third Control Period, the Authority taking a balanced view decides to increase the power and fuel expenditure by 10% over the Consultation Stage Projections for the last three Tariff years (FY 2023-24, FY 2024-25 and FY 2025-26) of the Control period, where volumes are expected to be more as new services would have been stabilised by then.



The Authority, accordingly, decides to allow Rs. 4407.75 Lacs as power and fuel expenditure against Rs. 4124.27 Lacs proposed at the consultation stage.

- d) **Allocation of Corporate Headquarters' Expenses:** The Authority notes the comments of M/s CASI regarding CHQ expenses allocation amounting to Rs 711.00 Lacs and observes that these expenses were not part of MYTP submitted by the CASI. Thus, it did not form part of OPEX considered by the Authority at Consultation Stage.

The Authority notes that as per ISP, common expenses of their Corporate Office, pertaining to departments like HR, Finance, Legal etc. are first estimated for the control period and then the same are allocated to their operating airports, based on the net revenues of concerned airports.

The Authority had already determined Tariffs for CASI for its GHS at various airports, including at Bengaluru Airport, for the 3rd Control Period, considering all the relevant aspects, including OPEX proposed by the ISP for respective airports, under "Light Touch Approach". The Authority feels that it may amount to duplication of CHQ allocations, to the extent of CHQ allocations attributed to BMEs at Bengaluru, as the total allocable CHQ expenses of CASI for the Third Control Period have already been estimated and spread over / apportioned to the airports where CASI is providing Ground Handling Services, including Bengaluru airport, on the basis of proportion of revenues at respective airports and the Authority had already determined Tariffs for all concerned airports namely Cochin, Hyderabad, Bengaluru etc.

However, considering that BME being a new service, the Authority feels that there might be a marginal cost associated with BME services at CHQ level, therefore, the Authority, decides to allocate a nominal 1.5% (due to delay in operations of Phase-2A by 6 months) of CHQ expenditure in FY 2022-23 and 3% thereafter for the rest of the Control Period amounting to Rs. 278.16 Lacs.

- e) **Concession Fee:** The Authority observed that due to inclusion of CHQ expenditure in OPEX, total ARR has been increased by Rs. 506.89 Lacs to Rs.14921.08 Lacs against Rs. 14414.19 Lacs as proposed at consultation stage. The increase in ARR has led to a readjustment in tariff rates which has significantly increased the concession fee by Rs.49.31 Lacs to Rs.3878.97 Lacs, as against Rs. 3829.65 Lacs proposed during consultation.
- f) **Depreciation:** The Authority, at consultation stage had proposed Rs. 1998.00 Lacs as depreciation for the Third Control Period, however due to delay in commissioning of phasing plan of PHASE-2A by six months, depreciation has been reduced by Rs.30.78 Lacs to Rs.1967.22 Lacs.
- g) **Administrative Expenditure:** There are no changes in Administrative Expenses, including Licence Fee/Rent from Consultation Stage, the Authority decides to adopt these expenses as proposed at Consultation Stage.

Consequent to changes in projected Revenues, O&M Expenses, RAB as per Stakeholders' comments on CP, the Authority has re-computed the ARR and the Profitability in respect of CASI for the Third Control Period as shown in Table-9 and Table-10 below, respectively:



Table 9: ARR considered by the Authority for the Third Control Period

(₹ in lakhs)

Particulars	FY 2021-22	FY 2022-23(upto June)	FY 2022-23(Jul-Mar)	FY 2023-24	FY 2024-25	FY 2025-26	Total
Average RAB (A)	2136.78	4406.28	4406.28	4521.04	4259.57	3772.57	
Fair Rate of Return (B)	10.96%	10.96%	10.96%	10.96%	10.96%	10.96%	
Return on Average RAB (C) = (A*B)	234.19	120.73	362.20	495.51	466.85	413.47	2092.95
Opex (D)	193.86	256.66	769.98	2509.80	3159.91	3360.07	10250.28
Depreciation (E)	95.10	102.79	308.36	487.00	486.99	486.99	1967.22
Tax (F)	0.00	0.00	0.00	0.00	211.88	250.91	462.80
Return on Security Deposit (G)	8.75	4.38	13.13	17.50	45.97	58.12	147.84
ARR (H) = Sum (C:G)	531.90	484.55	1453.66	3509.81	4371.60	4569.56	14921.08
Discount Rate	10.96%	10.96%	10.96%	10.96%	10.96%	10.96%	
PV Discount	1.00	0.90	0.90	0.81	0.73	0.66	
PV of ARR	531.90	436.69	1310.08	2850.69	3199.93	3014.45	11343.75
Revenue Projected by CASI (J)	162.00	390.25	1170.75	4658.09	5889.21	6093.58	18363.88
PV of Revenue Projected by CASI (K) = (J*B)	162.00	351.70	1055.11	3783.34	4310.80	4019.82	13682.77
% Tariff Decrease	0.00%	0.00%	17.76%	0.00%	0.00%	0.00%	
Revenue after Tariff Decrease (L)	162.00	390.25	962.81	3830.74	4843.20	5011.27	15200.27
PV of Revenue after Tariff Decrease (M)	162.00	351.70	867.71	3111.36	3545.14	3305.84	11343.75



Table 10: Profitability as computed by the Authority for the Third Control Period

(₹ in lakhs)

Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
Estimated Revenue from Regulated Services (i)	162.00	1353.06	3830.74	4843.20	5011.27	15200.27
Operating Expenditure						
Salaries & Wages(a)	44.91	166.28	310.20	331.30	351.63	1204.33
Admn. Expenses (b)	1.41	22.83	39.85	46.79	48.56	159.44
Repair & Maintenance (c)	0.00	12.26	26.78	107.13	160.69	306.86
Power & Fuel (d)	35.23	339.62	1133.54	1428.26	1471.11	4407.75
Concession Fee (e)	111.50	445.90	919.38	1162.37	1239.82	3878.97
Licence Fee/Rent (f)	0.81	3.24	3.40	3.57	3.75	14.77
CHQ Allocation (g)	0	36.51	76.65	80.49	84.51	278.16
Total Opex (ii) =sum (a) to (g)	193.86	1026.64	2509.80	3159.91	3360.07	10250.28
Earnings before Depreciation, Interest & Taxation EBDIT= (i)-(ii)	-31.86	326.41	1320.95	1683.29	1651.20	4949.99
Depreciation	95.1	411.14	487.00	486.99	486.99	1967.22
Earnings before Interest & Taxation (EBIT)	-126.96	-84.73	833.95	1196.30	1164.21	2982.77
Interest and Finance Charges	96.72	322.93	315.85	241.18	167.26	1143.94
Profit/(Loss) Before Tax	-223.68	-407.66	518.10	955.12	996.95	1838.83
Tax @ 25.17%	0	0.00	0.00	211.88	250.91	462.80
Profit/Loss after taxation	-223.68	-407.66	518.10	743.24	746.04	1376.04
PAT as % of Revenue	-138%	-30%	14%	15%	15%	9%

4.8 As against the one-time reduction in Tariff @ 21.90% for BME Services proposed by the AERA at Consultation Stage; the Authority based on the re-computation of ARR, decides one-time decrease in the Tariff rates @ 17.76% from the tariff rate proposed by the ISP to meet the revised ARR for CASI in respect of the Third Control Period (refer Table-9 above).




ORDER

Upon careful consideration of the material available on record and its analysis, including submissions made by the stakeholders, the Authority, in the exercise of powers conferred upon it by Section 13(1)(a) of the AERA Act, 2008, hereby orders that:

- (i) The Bridge Mounted Equipment (BME) Services provided by M/s CASI at Kempegowda International Airport, Bengaluru are considered as part of Ground Handling Services; hence the Tariff for the BME Services for the Third Control Period at KIA, Bengaluru is determined as an Addendum to the Order No. 10/2021-22 dated 27.08.2021 wherein the Authority determined the Tariff for Ground Handling Services provided by the CASI at KIA, Bengaluru for the Third Control Period (FY 2021-22 to FY 2025-26).
- (ii) The Authority decided to allow M/s Celebi Airport Services India Private Limited (CASI) to levy the Tariff for BME Services for the Third Control Period (FY 2021-22 to FY 2025-26) as per "Annexure-I".
- (iii) The tariff rate shall be effective w.e.f. **16.07.2022**.
- (iv) The Authority decides that the Tariff determined, as above, shall be the maximum Tariff to be charged. No other charge is to be levied over and above the approved Tariff.
- (v) The Authority decides 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.
- (vi) The Tariff determined herein above is excluding of applicable taxes, if any.
- (vii) CASI to submit consolidated MYTP for Ground Handling Services, including BME Services, for determination of future Tariff.
- (viii) The Airport Operator shall ensure compliance of this Order.

By the Order of and in the name of the Authority


(Col Manu Sooden)
Secretary

To

M/s Celebi Airport Services India Pvt. Ltd.
Room no. CE 01, Import Building 2, International Cargo Terminal,
IGI Airport, New Delhi - 110 037
(Through: **Shri Murali Ramachandran, Chief Executive Officer**)

Copy to:

1. Secretary, Ministry of Civil Aviation, Rajiv Gandhi Bhawan, Safdarjung Airport New Delhi-110003.
2. Shri Hari Marar, CEO, Bangalore International Airport Limited, Administrative Block, Alpha 2, Kempegowda International Airport, Bengaluru - 560300



Annexure-I

**Approved Tariff Card for M/s Celebi Airport Services India Pvt. Ltd. providing
Bridge Mounted Equipment (BME) Services at KIA, Bengaluru
for The Third Control Period (FY 2021-22 to FY 2025-26)**

Approved Tariff shall be effective from 16.07.2022 to 31.03.2026

FY 2022-23 TO 2025-26	Aircraft Type	Fixed Electrical Ground Power (FEGP) (per hour in INR)		Pre-Conditioned Air (PCA) (per hour in INR)*		
Domestic	Code C		2261.60		3396.51	
	Code D		2713.92		3618.56	
	Code E		3166.24		3848.83	
International	Code C	Single Cable	5205.79	Upto 60 Ton	5296.26	
		Double Cable	6291.36	Above 60 Ton up to 90 Ton	5904.83	
	Code D	Single Cable	5205.79	Upto 90 Ton	5904.83	
		Double Cable	6291.36			
	Code E	Single Cable	5205.79	Upto 90 Ton	5904.83	
		Double Cable	6291.36			
	Code F	Single Cable	5205.79	Upto 90 Ton	5904.83	
		Double Cable2	6291.36	Above 90 Ton up to 120 Ton	6809.47	
					Above 120 Ton	7895.04

Notes:

- (i) *The Tariff determined herein above is excluding of applicable taxes, if any.*
- (ii) *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.*

