



सत्यमेव जयते

भारतीय विमानपत्तन आर्थिक विनियामक प्राधिकरण
Airports Economic Regulatory Authority of India

मैसर्स इंडोथाई भुवनेश्वर प्राइवेट लिमिटेड (आई.टी.बी.पी.एल.) की बीजू पटनायक अंतर्राष्ट्रीय
हवाईअड्डा, भुवनेश्वर में ग्राउंड हैंडलिंग सेवाओं के संबंध में प्रथम नियंत्रण अवधि
(वित्त वर्ष 2023-24 से वित्त वर्ष 2027-28) के लिए टैरिफ निर्धारित करने के मामले में

IN THE MATTER OF DETERMINATION OF TARIFF IN RESPECT OF GROUND HANDLING
SERVICES FOR M/s INDOTHAI BHUBANESWAR PRIVATE LIMITED (ITBPL)
AT BIJU PATNAIK INTERNATIONAL AIRPORT, BHUBANESWAR
FOR THE FIRST CONTROL PERIOD
(FY 2023-24 TO FY 2027-28)

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List of Abbreviations

AERA / Authority	Airports Economic Regulatory Authority of India
AIASL	AI Airport Services Limited
ATM	Air Traffic Movement
ATP	Annual Tariff Proposal
BCAS	Bureau of Civil Aviation Security
CAPEX	Capital Expenditure
COD	Commercial Operations Date
CGF	Cargo Facility, Ground Handling & Supply of Fuel to the Aircraft
EBIDTA	Earnings Before Interest, Depreciation, Tax and Amortization
GHA	Ground Handling Agencies
GHS	Ground Handling Services
ITBPL	IndoThai Bhubaneswar Private Limited
INR/₹	Indian Rupees
ISP	Independent Service Provider
LOIA	Letter of Intent to Award
MAG	Minimum Annual Guarantee
MoM	Minutes of Meeting
MTOW	Maximum Take Off Weight
MYTP	Multi-Year Tariff Proposal
OPEX	Operating Expenditure
O&M	Operation and Maintenance
PAT	Profit After Tax
P&L	Profit & Loss
SPV	Special Purpose Vehicle
Y-o-Y	Year on Year



CHAPTER 1: INTRODUCTION

- 1.1 M/s IndoThai Bhubaneswar Pvt. Ltd. (ITBPL) vide letter dated 24.09.2021 informed the Authority that M/s IndoThai Airport Management Services Pvt. Ltd. had been selected, through RFP selection process, by Airports Authority of India (AAI) for providing Ground Handling Services at Biju Patnaik International Airport, Bhubaneswar, for a period of 10 years from the Commercial Operations Date ("COD"). In accordance to clause 5 of Letter of Intent to award (LOIA) dated 19.02.2021, a Special Purpose Vehicle (SPV) "ITBPL" was incorporated on 24.03.2021 for providing Ground Handling Services (GHS) at Biju Patnaik International Airport, Bhubaneswar.
- 1.2 The shareholding structure of the M/s ITBPL (SPV) is tabulated below:

Table-1: Shareholding Structure of M/s ITBPL:

Name of Shareholder	No. of Equity Shares	Equity Holding (%)
M/s IndoThai Airport Management Services Pvt. Ltd.	9900	99%
Shyam Sundar Malani	100	1%
Total	10,000	100%

- 1.3 Subsequently, M/s ITBPL, vide letter dated 18.05.2022, submitted copies of Certificate of Incorporation of SPV and Security Clearance given by Bureau of Civil Aviation Security (BCAS). ISP vide above referred letter requested the Authority to allow them to charge the same Tariff, as approved by AERA for the other Ground Handling Service Provider at Bhubaneswar Airport namely, AI Airport Services Limited (earlier known as Air India Airport Services Limited), on ad-hoc basis. Thereafter, M/s ITBPL submitted a copy of Concession Agreement dated 19.05.2022, executed between AAI & M/s ITBPL.
- 1.4 The Authority noted that the SPV "ITBPL" had obtained the security clearance from BCAS vide its letter dated 13.05.2022, valid for a period of 5 years, from the date of issue of security clearance and started its commercial operation at Bhubaneswar Airport on 16.07.2022.
- 1.5 Considering the request of M/s ITBPL, the Authority, vide Order No. 10/2022-23 dated 30.06.2022 allowed M/s ITBPL to levy the then prevailing tariff for Ground Handling Services as applicable to AI Airport Services Ltd. at Biju Patnaik International Airport, Bhubaneswar, on ad-hoc basis, w.e.f. 01.07.2022 to 31.03.2023.

Subsequently, the Authority, vide Order No. 42/2022-23 dated 23.03.2023 extended the ad-hoc tariff (prevailing as on 31.03.2023) for the period up to 30.09.2023. Thereafter, the Authority, vide Order No. 20/2023-24 dated 27.09.2023 extended the ad-hoc tariff for a further period of six months i.e., up to 31.03.2024, or, till the determination of regular tariff for the ISP, whichever is earlier.



- 1.6 The ISP, vide email dated 04.09.2023 submitted Multi Year Tariff Proposal (MYTP) in respect of the First Control Period (FY 2023-24 to FY 2027-28) for the determination of Tariff, in respect of Ground Handling Services being provided by the service provider at Biju Patnaik International Airport, Bhubaneswar. The Authority, during the initial review of the MYTP, observed some shortcomings/ information gaps; accordingly, various clarifications/ additional details were sought from the ISP. Based on the AERA observations, ISP submitted the revised MYTP for the First Control Period vide its email dated 24th October, 2023.
- 1.7 The Authority carefully examined the MYTP for the First Control Period submitted by M/s ITBPL in respect of Ground Handling Services at Biju Patnaik International Airport, Bhubaneswar and issued Consultation Paper No. 20/2023-24 dated 01.12.2023, invited suggestions/ comments from the stakeholders on various proposals of the Authority with the following timelines:
- Date for submission of written comments by Stakeholders: 22.12.2023
 - Date for submission of counter comments by ISP: 29.12.2023
- 1.8 The Authority received comments from the stakeholder namely, M/s SpiceJet Ltd. on the various proposals of the Authority contained in the Consultation Paper No. 20/2023-24 dated 01.12.2023 and the same were uploaded on the AERA's website vide Public Notice No. 27/2023-24 dated 26.12.2023.
- 1.9 The Authority, in response to Public Notice No. 27/2023-24 dated 26.12.2023, received counter comments from M/s ITBPL on 28.12.2023.
- 1.10 The Authority, after examining the comments of stakeholder i.e., M/s SpiceJet Ltd, counter comments of the ISP on the above referred CP and after considering other relevant aspects of the case, has finalized this Tariff Order.

Stakeholders' Comments:

- 1.11 **M/s SpiceJet's comments on the Review of Tendering Process (Refer para 1.1 of the CP):**

"The Authority is requested to ensure that Airport Operators do not award concession agreements to ISPs based solely on the revenue share offered, as this breeds inefficiencies and could disproportionately increase costs for airlines.

In addition, the Authority is requested to review and ensure that due process for all Related Party Transactions in connection with award of concession to ITBPL has been followed and approved as per appropriate governance practices."

M/s ITBPL's response to comments of SpiceJet:

- 1.12 *"This is not in the scope of Ground Handling Agency (GHA), only the concerned Authority can comment."*

Authority's Analysis on the Stakeholder's comments regarding Review of Tendering Process:

- 1.13 As regard to the aspect of awarding Concessions by the Airport Operator on Revenue Share basis, the Authority observes that Concession Fee/ Revenue Share paid by the ISP to the

Airport Operator is in accordance with the Concession Agreement executed between the Service Provider and the Airport Operator. Further, as per regulatory approach of AERA, the royalty paid by the ISPs to the Airport Operators is treated as aeronautical revenues in the hands of Airport Operators; hence, such revenues directly help in subsidizing the Aeronautical Tariffs, levied by the Airport Operators to the Airlines.

Moreover, Authority considers bidding process to award such contracts, based on which ISPs pays Revenue Share to Airport Operators, as a non-regulatory issue and such matters may be dealt between the stakeholders at an appropriate forum.

- 1.14 As regard to the comments of M/s SpiceJet regarding compliance of the provisions pertaining to related party transactions, connected with award of concession by the Airport Operator to the ISP, the Authority is of the view that it is the responsibility of the Airport Operator to ensure compliances of pertinent statutory provisions, including the aspects of related party transactions under the Companies Act, 2013, and any statutory obligation mandated in this regard.



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CHAPTER 2: PRINCIPLES FOR THE DETERMINATION OF TARIFF FOR THE AERONAUTICAL SERVICES

- 2.1 The Authority, vide Order No. 12/2010-11 dated 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 ("CGF Guidelines"), vide its Direction No. 04/2010-11 dated 10.01.2011.
- 2.2 In accordance with above mentioned AERA CGF Guidelines, the following procedure is adopted for the determination of the Materiality Index of Regulated Service, as per clause 4.4 of the Guidelines:

MATERIALITY ASSESSMENT:

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

$$\begin{aligned}\text{The Materiality Index for Bhubaneswar Airport} &= 623/420772 \\ &= 0.15\%\end{aligned}$$

The percentage share of Biju Patnaik International Airport, Bhubaneswar for FY 2019-20 (Pre-Covid Year) in respect of International Aircraft Movements is 0.15%, which is less than 5% Materiality Index (MI_G) for the subject regulated service. Hence, the Regulated Service is deemed 'Not Material' for the First Control Period at Biju Patnaik International Airport, Bhubaneswar. As per the information furnished by M/s ITBPL in Form F1 (b) on competition Assessment, M/s AI Airport Services Limited (AIASL) is also rendering similar services at Biju Patnaik International Airport, Bhubaneswar.

- 2.3 As per Clause 3.2 (i) of the CGF Guidelines, wherever the Regulated Service provided is 'Not Material', the Authority shall determine Tariff(s) for Service Provider(s) based on a '**Light Touch Approach**' for the duration of the Control Period, as per the provisions of Chapter V of the Guidelines.
- 2.4 As per the information furnished by M/s ITBPL in form F1(b) relating to the competition assessment, M/s AI Airport Services Limited (AIASL) is also rendering similar services at the Bhubaneswar airport.
- 2.5 The tariff determination exercise for the ISP in the instant proposal has been done under the "**Light Touch Approach**". However, it is pertinent to mention that even under the Light Touch Approach, the Authority examines the various regulatory building blocks & underlying assumptions/ basis thereof, including projected Revenues, CAPEX, OPEX, Traffic Volumes, etc. considered by the ISP, so as to assess the reasonableness of various projections, including tariff proposed by the service provider. Accordingly, in accordance with CGF Guidelines (Clause 11.3), wherever required, necessary clarifications/ additional details etc., related to pertinent aspects of the proposal

were sought from the service provider.

2.6 As per clause 11.2 of the CGF Guidelines, the Annual Tariff Proposal (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) Evidence of Consultation with Stakeholders;

b) Evidence of User Agreement(s), if any, between the Service Provider and the User of Regulated Service(s) clearly indicating the Tariff proposed by the Service Provider.

2.7 The Authority noted that M/s ITBPL submitted the Annual Tariff Proposal (ATP) along with its MYTP. The ISP conducted stakeholders' consultation meetings on 25th August, 2023 and submitted Minutes of Meeting (MoM) to the Authority. As per the MoM, none of the stakeholders raised any issue relating to the Tariff proposed by the ISP for the First Control Period.

Stakeholders' Comments:

2.8 The Authority received no comments/ views from any stakeholder regarding Tariff determination methodology for the First Control Period in respect of M/s ITBPL.

Authority's Decision regarding Methodology of Tariff Determination for M/s ITBPL:

2.9 Based on the material before it and its analysis, the Authority decides to consider the Tariff determination exercise for M/s ITBPL, in respect of Ground Handling Services being provided by the ISP at Biju Patnaik International Airport, Bhubaneswar, under the '**Light Touch Approach**' for the First Control Period, as the regulated service is deemed '**Not Material**'.

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CHAPTER 3: AIRCRAFT TRAFFIC (FLIGHTS TO BE HANDLED)

M/s ITBPL submission on Projected Aircraft Traffic for the First Control Period

3.1 Actual Aircraft Traffic (No. of Landings) handled at Biju Patnaik International Airport, Bhubaneswar from FY 2018-19 to FY 2022-23 is given below:

Table 2: Actual Aircraft Traffic handled at Biju Patnaik International Airport, Bhubaneswar during FY 2018-19 to FY 2022-23

Year	Total number of Landing at Biju Patnaik International Airport, Bhubaneswar			Y-o-Y % increase		
	Domestic	International	Total	Domestic	International	Total
2018-19	14851	344	15195	--	--	--
2019-20	13654	312	13966	-8%	-9%	-8%
2020-21	7087	46	7133	-48%	-85%	-49%
2021-22	9699	10	9709	37%	-78%	36%
2022-23	15357	16	15373	58%	60%	58%

3.2 Projected Aircraft Traffic (flights to be handled by the ISP) for the First Control Period submitted by M/s ITBPL is given below in Table 3.

Table 3: Projected Aircraft Traffic (Flights to be handled by the ISP) submitted by M/s ITBPL for the First Control Period (FY 2023-24 to FY 2027-28)

Year	Flights to be handled by M/s ITBPL for the First Control Period		Total (No. of Landings)	Y-o-Y % increase		
	Domestic	International		Domestic	International	Total
2023-24	5160	25	5185	-	-	-
2024-25	5420	26	5446	5%	4%	5%
2025-26	5690	28	5718	5%	8%	5%
2026-27	5975	29	6004	5%	4%	5%
2027-28	6275	30	6305	5%	3%	5%
TOTAL	28520	138	28658			

Authority's Examination of the Projected Aircraft Traffic (Flights to be handled by the ISP) at Consultation Stage:

- 3.3 The Authority observed that M/s ITBPL from FY 2024-25 onward had projected Y-o-Y increase of 5% in total number of flights to be handled, during the remaining tariff years of the Control Period.
- 3.4 As per the statistics available at AAI website, the total Aircraft Traffic (Domestic and International) at Biju Patnaik International Airport, Bhubaneswar in the FY 2022-23 had surpassed the actual Aircraft Traffic handled during the pre-Covid period (FY 2019-20) at this Airport (Reference Table 2 above).
- 3.5 The Authority also noted that ISP projected 5185 flights (Domestic and International flights) to be handled during the FY 2023-24, which is approx. 34% of the total number of flights i.e., 15373 (Domestic and International flights) landed at the Bhubaneswar during the FY 2022-23. Accordingly, the ISP is expected to have a market share of around 34% during the first tariff year of the Control Period.
- 3.6 The ISP commenced its commercial operations at Bhubaneswar Airport in the middle of FY 2022-23 and it will take some time for the ISP to expand its customer base at the airport. Further, taking into account the market competition, due to presence of other ground handling agency at the Bhubaneswar Airport, the aircraft traffic volumes (flights to be handled) projected by the ISP for the First Control Period (FY 2023-24 to FY 2027-28) is reasonable.
- 3.7 Accordingly, the Authority proposed to consider Aircraft Traffic projections (flights to be handled by the ISP) as submitted by M/s ITBPL for the First Control Period (i.e., FY 2023-24 to FY 2027-28) as given in Table 3 above.

Stakeholders' Comments:

- 3.8 The Authority received no comments/ views from any stakeholder regarding Projected Aircraft Volumes (Flights to be handled by the ISP) for the First Control Period in respect of M/s ITBPL.

Authority's Analysis regarding the Projected Aircraft Volumes for the First Control Period:

- 3.9 The Authority, subsequent to consultation process, reviewed the total Aircraft Traffic at Biju Patnaik International Airport, Bhubaneswar available at AAI website and observes that during the period from the April 2023 to November 2023, the total Aircraft Traffic (Domestic + International) at Biju Patnaik International Airport, Bhubaneswar has increased by 24.5% as compared to the corresponding period of FY 2022-23.
- 3.10 Considering AERA's examination regarding Aircraft Traffic projected by the ISP for the Control Period at the CP stage and considering that no stakeholder has commented on the Projected Aircraft Traffic, the Authority decides to maintain the same view as was taken at CP stage for the First Control Period (FY 2023-24 to FY 2027-28).



**Authority's Decision regarding Aircraft Traffic Volumes (Flights to be handled by the ISP)
for the First Control Period:**

- 3.11 Based on the material before it and its analysis, the Authority decides to consider the Aircraft Traffic (Flights to be handled by the ISP) for First Control Period (FY 2023-24 to FY 2027-28) as per Table3.



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CHAPTER 4: CAPITAL EXPENDITURE (CAPEX)

M/s ITBPL 's Submission on Capital Expenditure for the First Control Period

4.1 M/s ITBPL projected a total Capital Expenditure (CAPEX) of ₹ 1083.24 Lakhs for the First Control Period. Projected CAPEX is proposed to be incurred during FY 2023-24 to FY 2027-28. The year-wise & asset-wise Capital Expenditure projected by ISP for the First Control Period is given below:

Table 4: Projected Capital Expenditure submitted by M/s ITBPL for the First Control Period

(₹ in Lakhs)

Particulars	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	Total
Ground Handling Equipment	140.10	347.21	153.10	11.30	19.80	671.51
Vehicles	-	170.90	5.97	176.87	5.97	359.73
Furniture and Fittings	20.00	5.00	5.00	5.00	1.00	36.00
Office Equipment	10.00	5.00	-	-	1.00	16.00
Total	170.10	528.11	164.08	193.17	27.77	1083.24

4.2 As part of the MYTP, the ISP also provided detailed bifurcation of the proposed CAPEX for the First Control Period as under:

Table 5: Breakup of Projected Capital Expenditure as submitted by M/s ITBPL for the First Control Period

(₹ in Lakhs)

Particulars	COST	FY 2023-24		FY 2024-25		FY 2025-26		FY 2026-27		FY 2027-28		Total
		Qty.	Amount	Qty.	Amount	Qty.	Amount	Qty.	Amount	Qty.	Amount	
1. Ground Handling Equipment:												
Push Back – Medium	90.00	-	0.00	1	90.00	-	0.00	-	0.00	-	-	90.00
Towbar	7.50	-	0.00	2	15.00	-	0.00	-	0.00	-	-	15.00
Electric Baggage Tractors	35.00	-	0.00	-	0.00	2	70.00	-	0.00	-	-	70.00
Baggage Tractor	6.20	-	0.00	2	12.41	1	6.20	-	0.00	-	-	18.61
Ground Power Unit - 90 KVA	36.00	1	36.00	-	0.00	1	36.00	-	0.00	-	-	72.00
Air start unit - 300 ppm	113.00	-	0.00	1	113.00	-	0.00	-	0.00	-	-	113.00
Conveyor belt towable	8.00	1	8.00	4	32.00	-	0.00	-	0.00	-	-	40.00
Towable Pax Step ladder	8.00	4	32.00	3	24.00	2	16.00	-	0.00	-	-	72.00
Towable toilet cart	4.00	1	4.00	2	8.00	-	0.00	-	0.00	1	4	16.00
Towable water cart	4.00	-	0.00	2	8.00	-	0.00	-	0.00	1	4	12.00
Vacuum Cleaner	0.50	2	1.00	4	2.00	-	0.00	4	2.00	4	2	7.00
Baggage Trolley - Covered	0.65	60	39.00	50	32.50	25	16.25	-	0.00	10	7	94.25
Ambulift Towable	12.00	1	12.00	-	0.00	-	0.00	-	0.00	-	-	12.00
Fire Extinguisher TROLLEY	0.15	2	0.30	2	0.30	1	0.15	2	0.30	2	-	1.35

Particulars	COST	FY 2023-24		FY 2024-25		FY 2025-26		FY 2026-27		FY 2027-28		Total
		Qty.	Amount	Qty.	Amount	Qty.	Amount	Qty.	Amount	Qty.	Amount	
TRESTLE/LADDER	2.00	-	0.00	-	0.00	1	2.00	-	0.00	-	-	2.00
Wheel Chairs	0.20	14	2.80	25	5.00	-	-	20	4.00	10	2.00	13.80
FUEL BOWSER	1.50	-	0.00	-	0.00	1	1.50	-	0.00	-	-	1.50
Miscellaneous			5.00		5.00		5.00		5.00		1	21.00
Total			140.10		347.21		153.10		11.30		19.80	671.51
2. Vehicles:												
Bus/coaches	85.45		0.00	2.00	170.90	0.00	0.00	2.00	170.90	0.00	0.00	341.80
Car	11.32		0.00		0.00		0.00		0.00	0.00	0.00	0.00
Car	5.97		0.00		0.00	1.00	5.97	1.00	5.97	1.00	5.97	17.92
Jeep	7.11		0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total			0.00		170.90		5.97		176.87		5.97	359.73
3. Furniture & Fittings:												
Total			20.00		5.00		5.00		5.00		1.00	36.00
4. Office Equipment:												
Total			10.00		5.00		0.00		0.00		1.00	16.00
GRAND TOTAL			170.10		528.11		164.08		193.17		27.77	1083.24

Authority's Examination of the CAPEX proposed by the ISP at Consultation Stage:

- 4.3 The Authority noted that the ISP had already incurred a major portion of the CAPEX, in respect of its Ground Handling Services at Bhubaneswar Airport, during FY 2022-23. Further, out of the total projected CAPEX (₹1083.24 lakhs) for the First Control Period, M/s ITBPL proposed major CAPEX on the Ground Handling Equipment (₹ 671.51 lakhs) and on Vehicles (₹359.73 lakhs).
- 4.4 As regard to CAPEX proposed for the FY 2023-24, the ISP informed that the CAPEX projected for the current FY will be achieved before the financial year end (2023-24).
- 4.5 The Authority observed that the CAPEX proposed by the service provider at the Bhubaneswar airport mainly pertains to the ground handling equipment, vehicles etc., which are considered essential for smooth ground handling operations at the Airport.
- Further, the concession agreement also mandates the procurement & maintenance of Ground Handling Equipment and Ground Handling Facilities by the concessionaire (ISP), in accordance with the minimum quality standards, to ensure the timely provision of ground handling services during the term of concession agreement.
- 4.6 In view of the above, the Authority proposed to consider the CAPEX projected for the First Control Period as submitted by the ISP (as per Table 4).

Stakeholders' Comments:

4.7 M/s SpiceJet's Comments on the Deferment of Capital Expenditure: (Refer para 4.1 & 4.2 and Table 4 & 5 of the CP)

"The projected initial market share of around 34% in FY 2023-24 appears to be extremely high. It is unlikely that all the CAPEX equipment as proposed would be required. In order to support the airlines to continue and sustain its operations, all non-essential CAPEX proposed by ITBPL should be put on hold/ deferred to the Second Control Period, unless deemed operational necessary or critical from a safety or security compliance perspective."

M/s ITBPL's response to comments of SpiceJet:

4.8 "Capital Expenditure is planned keeping in mind operational necessity and critical from safety or security compliance perspective."

Authority's Analysis on Stakeholder's comments on Projected CAPEX for the First Control Period:

4.9 The Authority notes the comments of M/s SpiceJet Ltd., in context of the proposed CAPEX, wherein the Stakeholder has submitted that the projected initial market share of around 34% in FY 2023-24 appears to be quite high. As per the stakeholder, the requirement of higher CAPEX based on the projected market share may not be required during the First Control Period.

In this regard, it is pertinent to mention that irrespective of level of operations, the ISPs are required to have necessary Ground Handling Equipment, allied facilities/ infrastructure in order to undertake ground handling operations in an efficient manner. Further, according to the ISP, the CAPEX is planned keeping in mind the operational necessity, safety & security compliances.

4.10 The Authority also notes from the Concession Agreement that the service provider (as per clause 4.1) is mandated to provided necessary Ground Handling Equipment/ allied facilities to ensure minimum quality standards. As per the Authority, it would be unfair to expect better services from the ISP if the service provider is not allowed to incur necessary CAPEX on Ground Handling Equipment.

4.11 In view of the foregoing, the Authority decides to consider the CAPEX proposed for the First Control Period as submitted by the ISP (Table 4).

Authority's Decision regarding CAPEX for the First Control Period

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



CHAPTER 5: REVENUE FROM OPERATIONS, OPERATING EXPENDITURE AND PROJECTED PROFITABILITY

ITBPL's Submission on the Revenue and Operating Expenditure for the First Control Period

- 5.1 As provided in Clause 9.4 of the CGF Guidelines, the Operation 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 Expenditures of M/s ITBPL for its Ground Handling Operations at Biju Patnaik International Airport, Bhubaneswar, have been broadly categorized as under:
- a) Payroll Cost;
 - b) Repair and Maintenance Costs;
 - c) Concession Fee/ Revenue Share payable to Airport Operator;
 - d) Utilities & Outsourcing Expenses;
 - e) Administrative and General Expenses
- 5.3 As per the MYTP submission, Revenue, Operating Expenditure (OPEX) and Profitability projected for the First Control Period (FY 2023-24 to FY 2027-28) by the ISP is as under:

Table 6: Revenue, Operating Expenditure and Profitability projected by M/s ITBPL for the First Control Period

(₹ in Lakhs)						
Particulars	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	TOTAL
Revenue from Regulated Services (A)	1,060.84	1,162.89	1,275.81	1,398.72	1,533.95	6,432.22
Revenue from other than Regulated Services (B)	-	-	-	-	-	-
Total Revenue from the Services (A + B) = (C)	1,060.84	1,162.89	1,275.81	1,398.72	1,533.95	6,432.22
Operating Expenditure (OPEX)						
Payroll Cost (i)	502.57	540.27	580.79	624.35	671.17	2,919.14
Repair and Maintenance Costs (ii)	17.40	18.63	19.92	21.48	22.99	100.42
Concession Fee/ Revenue Share payable to Airport Operator (iii)	156.44	128.49	102.80	82.24	73.48	543.45
Utilities & Outsourcing Expenses (iv)	39.55	41.42	43.39	45.44	47.60	217.41
Administrative & General Expenses (v)	44.02	42.44	44.09	45.81	47.61	223.97
Total OPEX (i+ii+iii+iv+v) = (D)	759.98	771.26	790.98	819.32	862.86	4,004.40
Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) (C-D) = (E)	300.86	391.64	484.83	579.40	671.10	2,427.82
Depreciation and Amortization (F)	120.69	161.43	161.70	164.85	151.14	759.81
Interest & Finance Charges (G)	191.87	229.98	225.61	211.59	140.28	999.33
Profit Before Tax (PBT) (E-F-G) = (H)	-11.71	0.22	97.52	202.97	379.68	668.68
Provision for Tax (Calculated after taking in to an account the previous years anticipated loss) (I)	-	-	-	-	60.39	60.39
Profit After Tax (PAT) (H-I) = (J)	-11.71	0.22	97.52	202.97	319.29	608.29

Authority's Examination regarding the projected OPEX for the First Control Period at Consultation Stage:

- 5.4 The Authority analyzed the Operating Expenditure provided in Form F3 (P&L) of the MYTP for the First Control Period and observed following Y-o-Y% increase in Revenue & OPEX considered by the ISP, as per Table 7 below:

Table 7: Year-on-Year Percentage (%) increase in the Revenue and Operation & Maintenance Expenditure during the First Control Period

Particulars	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
Revenue from Regulated Services	10%	10%	10%	10%
Payroll Costs	7.5%	7.5%	7.5%	7.5%
Repair and Maintenance Costs	7%	7%	8%	7%
Concession Fee/Revenue share payable to Airport Operator	-18%	-20%	-20%	-11%
Utilities & Outsourcing Expenses	5%	5%	5%	5%
Administrative & General Expenses	-4%	4%	4%	4%

- 5.5 The Authority's examination of various components of OPEX, proposed by the ISP, for the First Control Period is as under:

- a) **Payroll Costs:** The Authority noted that the ISP projected a Y-o-Y increase of 7.5% in Payroll Costs from FY 2024-25 onward.

The Authority observed that projected increase in payroll expenses considered by the ISP is commensurate with the projected increase in aircraft traffic and revenues in respect of the First Control Period.

Considering the impact of additional manpower required to meet the projected growth in the aircraft traffic (flights to be handled), periodic increase in minimum wages, annual salary increments and related increase in statutory component like EPF etc., the Y-o-Y increase projected by the ISP in the Payroll Costs for the First Control Period is reasonable.

- b) **Repairs and Maintenance Costs:** The Authority noted that the ISP considered a Y-o-Y increase of 7% to 8% for all the tariff years of the First Control Period.

The Authority considered that in order to provide uninterrupted and good services to users, it is imperative for the service provider to keep the ground handling equipment and allied facilities in good working condition. Considering the above and taking into account the impact of annual general inflation, including annual increase in labour component of the Repair & Maintenance Costs, the projected R&M Expenses for the First Control Period is reasonable.

- c) **Concession Fee /Revenue share payable to Airport Operator:** The Authority noted from the concession agreement executed between AAI and M/s ITBPL that the ISP is required to pay 'Revenue Share' as per the followings:

- 3% of the Actual Gross Revenue from Scheduled Domestic Passenger Flight(s).

- 15% of the Actual Gross Revenue from Users other than Scheduled Domestic Passenger Flight(s) and RCS Flight(s).
- 0% for RCS Flights.

The Authority further observed from clause 7.1.2 of the above-mentioned agreement that every year the ISP shall pay a "premium, which is the maximum of the "Minimum Annual Guarantee" (MAG) or the 'Revenue Share", calculated as per the clause 7.1.1 of the concession agreement.

Considering the clause 7.1.2 of the concession agreement and clarification furnished by the ISP, the Authority proposed to consider the concession fee (premium) payable to the Airport Operator as projected by ISP, for the First Control Period. In the first year, Concessionaire will pay MAG quoted at the time of bid. From the second year onward, MAG for Concessionaire will be 80% of the previous year's premium.

As per the ISP, in respect of the second and last tariff year, the premium (concession fee) had been considered based on the expected Revenue Share (which is expected to be more than 80% of previous year's MAG). However, for the 3rd & 4th tariff year (FY 2025-26 & 2026-27) of the Control period, the MAG is expected to be higher than the 'Revenue Share'; hence the 'premium' payable to the airport operator has been considered based on the MAG figures.

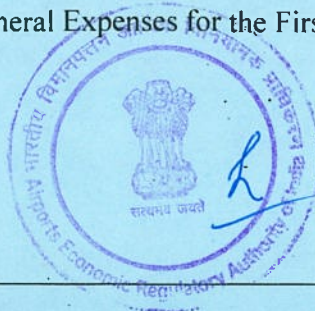
In view of the above, the Authority proposed to consider the concession fee (premium) payable to the airport operator as projected by ISP, for the First Control Period.

d) Utilities and Outsourcing Expenses: The Authority observed that M/s ITBPL proposed a nominal increase of 5% on Y-o-Y basis in Utilities and Outsourcing Costs for the First Control Period. The Utility & Outsourcing costs primarily consist of expenses relating to consumption of electricity, fuel and water for ground handling operations. The increase in these expenses is linked with the increase in the level of flight handling.

Considering the projected increase in Aircraft Traffic (Flights to be handled), the Y-o-Y increase considered by the ISP in the Utility and Outsourcing Cost @ 5%, for the First Control Period, is reasonable.

e) Administrative & General Expenses: In respect of Administrative and general Expenses, M/s ITBPL proposed a de-escalation of around 3.58% during FY 2024-25 as compared to the projected figures of FY 2023-24. From FY 2025-26 onward, the ISP proposed a Y-o-Y increase of around 4% in Admin. & General Expenses. The Administrative & General Expenses mainly include Land/ Space Rent, Transport Expenses, Office Expenses & other miscellaneous expenses etc.

The Authority, taking note of the clarifications submitted by the ISP and taking into account the impact of annual general inflation, considered the Y-o-Y increase projected by ISP in respect of Administrative and General Expenses for the First Control Period as reasonable.



- 5.6 The Authority also noted that as per the projected profitability statement for the First Control Period submitted by the M/s ITBPL (Table no. 6), the ISP is likely to maintain overall profit margin (Total PAT / Total Revenue) of around 9.5% for the First Control Period.
- 5.7 The Authority, in view of the above analysis and considering the additional details/clarifications submitted by the ISP, proposed to consider the projected OPEX for the Control Period as submitted by the ISP (Table 6).

Stakeholders' Comments:

- 5.8 **M/s SpiceJet's comments on Projected OPEX (Refer para 5.4 and table 7 of the CP):**

"The costs for payroll and that of Repair & Maintenance appears to be on a higher side. Authority is requested to kindly review the same. It may please be noted that cost incurred by ITBPL impacts the airlines, as such cost is passed through or borne mostly by the airlines. In order to ensure that there is no adverse impact/ increase in the tariff, we request the Authority to kindly put on hold any increase in operational expenditure by ITBPL not related to safety or security."

- 5.9 **M/s SpiceJet's comments on Abolishment of Royalty Charges/ Concession Fee (Refer para 5.5(c) and Table 7 of the CP):**

"We urge the Authority to take measures to abolish royalty which may be included in any of the cost items, making it a burden on the airlines, thus leading to higher air fares and lower traffic. It may be pertinent to note that market access fee by any name or description is not practiced in most of the global economies, including European Union, Australia etc."

M/s ITBPL's response to comments of SpiceJet:

- 5.10 **Projected OPEX:**

Payroll: *"In order to provide services to Schedule Domestic and Schedule International Airline we require trained and experienced man power there by it increases our Payroll costs."*

Repair & Maintenance: *"Considering the Safety of the Passenger, Aircraft and Equipment regular upkeep and maintenance is a must and most important and can't be compromised."*

- 5.11 **Abolishment of Royalty Charges/ Concession Fee:**

"The Royalty charges are as per Open Tender floated by the Airport Operator and same has to be honored."

Authority's Analysis on stakeholders' comments on Projected OPEX for the First Control Period:

- 5.12 The Authority notes the comments of M/s SpiceJet pertaining to high Payroll cost and response thereon from the ISP. The Authority is cognizant of the fact that the ISP is operating in the service sector, where payroll cost form major portion of the Operating Expenditure. Further, as per the ISP, as part of its Ground Handling Operations, M/s ITBPL is required to deploy trained manpower considering the operational & safety aspects.
- 5.13 As regard to the comments of M/s SpiceJet in respect of high R&M costs, the Authority notes that M/s ITBPL has considered a Y-o-Y increase of 7% to 8% in R&M expenses and it is imperative

for the ISP to incur R&M Expenses, from time to time, to keep the Ground Handling Equipment in good working condition, so as to ensure safety of passengers & aircrafts during Ground Handling Operations.

Considering the above and taking into account the impact of annual general inflation, the Y-o-Y increase of 7% to 8% in R&M expenses proposed by the ISP for the First Control Period is reasonable.

- 5.14 As regard to the comments of M/s SpiceJet regarding the abolishment of royalty charges and M/s ITBPL's response thereon, the Authority notes that the Concession Fee paid by the ISP to the Airport Operator is as per the Concession Agreement, executed between the Service Provider and the Airport Operator. Further, as per the regulatory approach of the AERA, the royalty paid by the ISPs to the Airport Operators are treated as aeronautical revenues in the hands of Airport Operators; hence, such revenues directly help in subsidizing the aeronautical Tariffs, levied by the Airport Operators to the Airlines. Moreover, 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.
- 5.15 In view of the above, the Authority decides to maintain the same view on the OPEX projection for the First Control Period, as was taken at the CP stage.

Authority's Decision regarding Operation and Maintenance Expenses for the First Control Period:

- 5.16 Based on the available material and its analysis, the Authority decides to consider the OPEX for the First Control Period as per Table 6.

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CHAPTER 6: ANNUAL TARIFF PROPOSAL

M/s ITBPL submissions on Annual Tariff Proposal for the First Control Period as part of MYTP

6.1 M/s ITBPL submitted a Tariff proposal for Ground Handling Services in respect of Scheduled Flights at Biju Patnaik International Airport, Bhubaneswar, for the First Control Period (FY 2023-24 to FY 2027-28), as given in Table below:

Table 8: Proposed Tariff Rates for the Ground Handling Services in respect of the Scheduled Flights submitted by M/s ITBPL for the First Control Period

(A) Passenger Flights															(Rates in ₹)	
FY 2023-24			FY 2024-25			FY 2025-26			FY 2026-27			FY 2027-28				
Domestic Passenger Flights																
Aircraft Type	Pax.	Ramp	Full Services	Pax.	Ramp	Full Services	Pax.	Ramp	Full Services	Pax.	Ramp	Full Services	Pax.	Ramp	Full Services	
CODE B	5198	7798	12996	5472	8208	13680	5760	8640	14400	6048	9072	15120	6350	9526	15876	
CODE C	6931	10397	17328	7296	10944	18240	7680	11520	19200	8064	12096	20160	8467	12701	21168	
CODE D	8664	12996	21660	9120	13680	22800	9600	14400	24000	10080	15120	25200	10584	15876	26460	
CODE E	20794	31190	51984	21888	32832	54720	23040	34560	57600	24192	36288	60480	25402	38102	63504	
CODE F	41587	62381	103968	43776	65664	109440	46080	69120	115200	48384	72576	120960	50803	76205	127008	
International Passenger Flights																
CODE B	21101	49236	70337	22212	51827	74039	23381	54555	77936	24550	57283	81833	25777	60147	85925	
CODE C	21660	50540	72200	22800	53200	76000	24000	56000	80000	25200	58800	84000	26460	61740	88200	
CODE D	26858	62670	89528	28272	65968	94240	29760	69440	99200	31248	72912	104160	32810	76558	109368	
CODE E	35522	82886	118408	37392	87248	124640	39360	91840	131200	41328	96432	137760	43394	101254	144648	
CODE F	40721	95015	135736	42864	100016	142880	45120	105280	150400	47376	110544	157920	49745	116071	165816	
*Tariff for Domestic Scheduled Flights is also applicable to Domestic 'Non-Scheduled & General Aviation Flights'.																
(B) Cargo Flights															(Rates in ₹)	
Aircraft Type	FY 2023-24		FY 2024-25		FY 2025-26		FY 2026-27		FY 2027-28							
	Ramp Services		Ramp Services		Ramp Services		Ramp Services		Ramp Services							
Domestic Cargo Flights:																
CODE B			39710		41800		44000		46200		48510					
CODE C			54150		57000		60000		63000		66150					
CODE D			144400		152000		160000		168000		176400					
CODE E			189525		199500		210000		220500		231525					
CODE F			225625		237500		250000		262500		275625					
International Cargo Flights:																
CODE B			64980		68400		72000		75600		79380					
CODE C			158840		167200		176000		184800		194040					
CODE D			180500		190000		200000		210000		220500					
CODE E			198550		209000		220000		231000		242550					
CODE F			231040		243200		256000		268800		282240					

6.2 M/s ITBPL proposed the following % increase in the Tariff Rates for Scheduled Flights on Y-o-Y basis at Biju Patnaik International Airport, Bhubaneswar as stated in the table below:

Table 9: Y-o-Y Percentage (%) increase in the Tariff Rates for the different categories of Scheduled Flights submitted by M/s ITBPL in respect of the First Control Period

(A) Passenger Flights												
Aircraft Type	FY 2024-25			FY 2025-26			FY 2026-27			FY 2027-28		
	Pax	Ramp	Full Service	Pax	Ramp	Full Service	Pax	Ramp	Full Service	Pax	Ramp	Full Service
Domestic Passenger Flight												
Code B	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Code C	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Code D	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Code E	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Code F	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
International Passenger Flight												
Code B	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Code C	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Code D	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Code E	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Code F	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
(B) Cargo Flights												
Aircraft Type	FY 2024-25			FY 2025-26			FY 2026-27			FY 2027-28		
	Ramp Services			Ramp Services			Ramp Services			Ramp Services		
Domestic Cargo Flights												
Code B	5%			5%			5%			5%		
Code C	5%			5%			5%			5%		
Code D	5%			5%			5%			5%		
Code E	5%			5%			5%			5%		
Code F	5%			5%			5%			5%		
International Cargo Flights												
Code B	5%			5%			5%			5%		
Code C	5%			5%			5%			5%		
Code D	5%			5%			5%			5%		
Code E	5%			5%			5%			5%		
Code F	5%			5%			5%			5%		

6.3 M/s ITBPL also submitted a separate Tariff Rate Card for Non-Scheduled and General Aviation Flights as per the table given below: -

Table 10: Proposed Tariff Rates for Non-Scheduled Flights submitted by M/s ITBPL for the First Control Period

(Rates in ₹)

	FY 2023-24		FY 2024-25		FY 2025-26		FY 2026-27		FY 2027-28	
A/C Category	Dom.	Intl.	Dom.	Intl.	Dom.	Intl.	Dom.	Intl.	Dom.	Intl.
Maximum Take Off Weight (MTOW)										
HELICOPTER	8123	13321	8550	14022	9000	14760	9450	15498	9923	16273
≤ 6000	12184	27382	12825	28823	13500	30340	14175	31857	14884	33450
> 6000 – 12000	16696	37003	17575	38950	18500	41000	19425	43050	20396	45203
> 12000 – 25000	27075	42553	28500	44793	30000	47150	31500	49508	33075	51983
> 25000 – 40000	40613	64754	42750	68163	45000	71750	47250	75338	49613	79104
> 40000 – 70000	54150	81406	57000	85690	60000	90200	63000	94710	66150	99446
> 70000 – 100000	88445	109157	93100	114903	98000	120950	102900	126998	108045	133347
> 100000 – 150000	112813	162811	118750	171380	125000	180400	131250	189420	137813	198891
> 150000 & above	135375	185013	142500	194750	150000	205000	157500	215250	165375	226013

Dom. = Domestic; Intl. = International

Authority's Examination regarding the proposed tariff for the Control Period at Consultation Stage:

- 6.4 The Authority noted that in the case of Scheduled Flights (Domestic and International), the ISP proposed a 5% Y-o-Y increase in Tariff Rates from FY 2024-25 onward (Table 9).
- 6.5 The Authority also noted that M/s ITBPL proposed a separate Tariff Rate card for Non-Scheduled Flights and proposed an increase of 5% on Y-o-Y basis from FY 2024-25 onward (Table 10).
- 6.6 The Authority, taking note of projected Aircraft Traffic and projected increase in Operating Expenditure proposed by the ISP, due to factors like increase in number of manpower to cater to increasing aircraft volumes, annual increase in salaries and wages, general inflation etc., considered that the ISP requires minimum level of revenues to cover up its Operating Expenses & earn reasonable return on its investment. Considering the above, the 5% Y-o-Y increase in Tariff Rates proposed by the ISP from FY 2024-25 onward was viewed as reasonable.
- 6.7 The Authority is of the view that the Tariff for Domestic 'Non-Scheduled and General Aviation Flights' should not be more than the Tariff of relevant Domestic Scheduled Flights for a similar class of Aircraft(s). However, the Authority proposed to consider the separate Tariff Rate Card in case of International 'Non-Scheduled & General Aviation Flights' as per **Annexure-II**.
- 6.8 The Authority proposed 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 the rate as on 15th of the month will be applicable for the second fortnight.

- 6.9 Further, M/s ITBPL should ensure compliance towards Standardization of Ground Handling Equipment at Biju Patnaik International Airport, Bhubaneswar in accordance with the directives issued by the Ministry of Civil Aviation, vide its letter no. AV-24011/10/2021-AAI-MOCA dated 27.10.2022.

Stakeholders' Comments:

- 6.10 **M/s SpiceJet's comments on Tariff (Refer para 6.1, 6.2, and Table 8 & 9 and Annexure I, II, III of the CP):**

"It is noted that some of the proposed tariffs for international operations are higher as compared the Tariffs for similar services in recent consultation papers for same concessionaire M/s IndoThai Airport Management Services Pvt. Ltd. at Jaipur, which is a comparable airport. Authority is requested to kindly conduct a thorough review of the proposed Tariffs for similar services at comparable airports before arriving at a decision. Further, it is also requested that the maximum rates of ITBPL may not exceed the rates as approved by the Authority for M/s AI Airport Services Limited for similar services being rendered by them at the same airport for the relevant periods should.

Thus, it is humbly requested that the Authority does not take any steps, including by way of approving the proposed high tariffs, during the First Control Period. We also humbly request the Authority to not implement any Y-o-Y increase in tariffs during the First Control Period and defer any increase in the same to the subsequent control period, given the scenario described above."

- 6.11 **M/s ITBPL's response to comments of SpiceJet:**

"While comparing the Tariffs of GSEC IndoThai at Jaipur and IBPL it was noticed that the Tariff are almost similar whereas in some cases Tariff proposed by IBPL is lower as compared to GSEC IndoThai Jaipur.

Furthermore, it may please be noted that this is the maximum price approved by AERA. An airline is always welcome to negotiate with us while giving us opportunity to serve them."

Authority's Analysis regarding Tariff rates for Ground Handling Services for the Control Period:

- 6.12 The Authority notes the comments of M/s SpiceJet regarding the said high tariff in respect of few item-wise Ground Handling Services for international flights as compared to charges prevailing at other comparable airports for similar services. It is pertinent to mention that the itemized tariff rate card for Ground Handling Services (Annexure III) are optional in nature. In the instant case, it is observed that the service provider has proposed similar charges and, in some cases, even lower charges at Bhubaneswar Airport when compared to the Tariff for IndoThai at Jaipur Airport for similar services. However, as per the Authority, it may not be appropriate to compare the Tariff Rates of ISPs at different airports, as the Tariff Rates depends on many factors, such as extent of market competition, capital investment, & Traffic Volumes etc.

- 6.13 As regard to the suggestion of M/s SpiceJet that the proposed increase in Tariff Rates, including subsequent increase in Tariff Rates on Y-o-Y basis, may not be implemented by the AERA; the

Authority in this regard, notes the counter comments of ISP wherein the service provider has submitted that the actual Tariff that would be charged to the Airlines would be different from the ceiling Tariff Rates approved by the Authority, based on the negotiation with the airlines, depending on the services required.

- 6.14 Further, considering the investments made/ projected by the ISP on Ground Handling Equipment and associated facilities and factoring-in the periodic increase in the minimum wages/ annual increments, impact of general inflation on operating expenditure, the Authority feels that service provider requires minimum revenue to cover-up for the projected operating expenses and to generate reasonable returns on its investments.
- 6.15 In view of the above, the Authority decides to consider the Tariffs for the ISP, in respect of Ground Handling Services at Biju Patnaik International Airport, Bhubaneswar as indicated in **Annexures (I, II & III)** to this Order.

Authority's Decisions regarding Tariff for Ground Handling Services for the First Control Period:

The Authority decides to consider the following Tariff structure and Annual Tariff Proposal for the First Control Period:

- 6.16 To consider the Tariff Rates for Ground Handling Services provided by M/s ITBPL at Biju Patnaik International Airport, Bhubaneswar in respect of Scheduled Flights, International 'Non-Scheduled & General Aviation Flights' and Item-wise Tariff Rate Card for Domestic and International Flights, for the First Control Period, as per **Annexures (I, II & III)**.
- 6.17 The Tariff for Domestic 'Non-Scheduled and General Aviation Flights' shall not exceed the approved Tariff(s) for relevant Domestic Scheduled Flights for similar class of Aircraft(s).
- 6.18 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 the rate prevailing as on the 15th of the month will be applicable for the second fortnight.
- 6.19 The Tariff Rates indicated in **Annexures (I, II & III)** shall be maximum Tariff to be charged. No other charge(s) is to be levied over and above the approved Tariff Rates.
- 6.20 M/s ITBPL shall ensure compliance towards Standardization of Ground Handling Equipment at Biju Patnaik International Airport, Bhubaneswar in accordance with the directives issued by Ministry of Civil Aviation vide its letter no. AV-240 11/10/2021-AAI-MOCA dated 27.10.2022.



CHAPTER 7: SUMMARY OF AUTHORITY'S DECISIONS

The below-mentioned summary provides the Authority's decisions relating to relevant chapters regarding the Tariff determination of M/s ITBPL providing Ground Handling Services at Biju Patnaik International Airport, Bhubaneswar:

Chapter	Para	Summary of Authority's Decisions	Page No.
Chapter No.2	2.9	The Authority decides to consider the Tariff determination exercise for M/s ITBPL, in respect of Ground Handling Services being provided by the ISP at Biju Patnaik International Airport, Bhubaneswar under the ' Light Touch Approach ' for the First Control Period, as the regulated service is deemed ' Not Material '.	9
Chapter No. 3	3.11	The Authority decides to consider the Aircraft Traffic (Flights to be handled by the ISP) for the First Control Period (FY 2023-24 to FY 2027-28) as per Table 3.	12
Chapter No. 4	4.12	The Authority decides to consider the projected CAPEX for the First Control Period as per Table 4.	15
Chapter No. 5	5.16	The Authority decides to consider the OPEX for the First Control Period as per Table 6.	20
Chapter No. 6	6.16	The Authority decides to consider the Tariff Rates for Ground Handling Services provided by M/s ITBPL at Biju Patnaik International Airport, Bhubaneswar in respect of Scheduled Flights, International 'Non-Scheduled & General Aviation Flights' and Item-wise Tariff Rate Card for Domestic and International Flights, for the First Control Period, as per Annexures (I, II & III) .	25
	6.17	The Authority decides that the Tariff for Domestic 'Non-Scheduled and General Aviation Flights' shall not exceed the approved Tariff(s) for relevant Domestic Scheduled Flights for similar class of Aircraft(s).	
	6.18	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 the rate prevailing as on the 15th of the month will be applicable for the second fortnight.	
	6.19	The Authority decides that the Tariff Rates indicated in Annexures (I, II & III) shall be maximum Tariff to be charged. No other charge(s) is to be levied over and above the approved Tariff Rates.	
	6.20	The Authority decides that M/s ITBPL shall ensure compliance towards Standardization of Ground Handling Equipment at Biju Patnaik International Airport, Bhubaneswar in accordance with the directives issued by Ministry of Civil Aviation vide its letter no. AV-240 11/10/2021-AAI-MOCA dated 27.10.2022.	

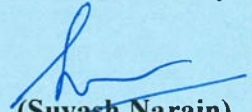


CHAPTER 8: ORDER

Upon careful consideration of the material available on record & submissions made by M/s ITBPL, the Authority, in exercise of powers conferred upon it by Section 13(1)(a) of the AERA Act, 2008, hereby orders that:

- (i) The Regulated Service i.e., the Ground Handling Services provided by M/s IndoThai Bhubaneswar Private Limited at the Biju Patnaik International Airport, Bhubaneswar is deemed as **"Not Material"**. The Authority, therefore, decides to adopt **'Light Touch Approach'** for the determination of the Tariff, in respect of the Ground Handling Services, for the First Control Period (FY 2023-24 to FY 2027-28).
- (ii) The Authority decides that the Tariff Rates indicated in **Annexures (I, II & III)** shall be the maximum Tariff(s) to be charged. No other charge is to be levied over and above the approved Tariff Rates.
- (iii) The Authority decides that Tariff for Domestic "Non-Scheduled Flights & General Aviation Flights", shall not exceed the approved Tariff for relevant Domestic Scheduled Flights for similar class of aircraft(s).
- (iv) 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.
- (v) The Tariff determined herein above is excluding of applicable taxes, if any.
- (vi) M/s ITBPL shall maintain the separate accounts for its Ground Handling Operations at the Biju Patnaik International Airport, Bhubaneswar and at the end of each tariff year submit Annual Compliance Statement (ACS), including annual audited accounts, as per AERA CGF Guidelines, 2011 (clause 11.4).
- (vii) This Tariff Order shall be effective from **01.02.2024**.
- (viii) Airport Operator shall publish tariff rates in respect of Ground Handling Services for M/s ITBPL approved hereinunder at its official website for the information of all Stakeholders.
- (ix) The Airport Operator shall ensure the compliance of this Order.

By the Order of and in the name of the Authority


(Suyash Narain)
Secretary

To

Vikash Ladia, Director,
M/s IndoThai Bhubaneswar Private Limited
Ground Floor, VIM-610, Sailashree Vihar,
Bhubaneswar, Khordha, Odisha- 751021

Copy for information to:

1. Secretary, Ministry of Civil Aviation, Rajiv Gandhi Bhawan, Safdarjung Airport, New Delhi – 110003
2. Chairman, Airports Authority of India, Rajiv Gandhi Bhawan, Safdarjung Airport, New Delhi – 110003
- 3.. Shri Prasanna Pradhan, Airport Director, Airports Authority of India, Integrated Building, Biju Patnaik International Airport, Bhubaneswar – 751020 (Odisha)



**TARIFF RATE CARD APPROVED BY AERA FOR M/s ITBPL
AT BIJU PATNAIK INTERNATIONAL AIRPORT, BHUBANESWAR
IN RESPECT OF DOMESTIC* & INTERNATIONAL SCHEDULED FLIGHTS
FOR THE FIRST CONTROL PERIOD (FY 2023-24 to FY 2027-28)**

Revised Tariff for Ground Handling Services is effective from 01.02.2024

(A) Passenger Flights

(Rates in ₹)

Domestic Passenger Flight

	FY 2023-24			FY 2024-25			FY 2025-26			FY 2026-27			FY 2027-28		
	Pax.	Ramp	Full Services	Pax.	Ramp	Full Services	Pax.	Ramp	Full Services	Pax.	Ramp	Full Services	Pax.	Ramp	Full Services
CODE B	5198	7798	12996	5472	8208	13680	5760	8640	14400	6048	9072	15120	6350	9526	15876
CODE C	6931	10397	17328	7296	10944	18240	7680	11520	19200	8064	12096	20160	8467	12701	21168
CODE D	8664	12996	21660	9120	13680	22800	9600	14400	24000	10080	15120	25200	10584	15876	26460
CODE E	20794	31190	51984	21888	32832	54720	23040	34560	57600	24192	36288	60480	25402	38102	63504
CODE F	41587	62381	103968	43776	65664	109440	46080	69120	115200	48384	72576	120960	50803	76205	127008

International Passenger Flights

CODE B	21101	49236	70337	22212	51827	74039	23381	54555	77936	24550	57283	81833	25777	60147	85925
CODE C	21660	50540	72200	22800	53200	76000	24000	56000	80000	25200	58800	84000	26460	61740	88200
CODE D	26858	62670	89528	28272	65968	94240	29760	69440	99200	31248	72912	104160	32810	76558	109368
CODE E	35522	82886	118408	37392	87248	124640	39360	91840	131200	41328	96432	137760	43394	101254	144648
CODE F	40721	95015	135736	42864	100016	142880	45120	105280	150400	47376	110544	157920	49745	116071	165816

*Tariff for Domestic Scheduled Flights is also applicable to Domestic 'Non-Scheduled & General Aviation Flights'

(B) Cargo Flights**Domestic Cargo Flights**

	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
	Ramp Services	Ramp Services	Ramp Services	Ramp Services	Ramp Services
CODE B	39710	41800	44000	46200	48510
CODE C	54150	57000	60000	63000	66150
CODE D	144400	152000	160000	168000	176400
CODE E	189525	199500	210000	220500	231525
CODE F	225625	237500	250000	262500	275625

International Cargo Flights

CODE B	64980	68400	72000	75600	79380
CODE C	158840	167200	176000	184800	194040
CODE D	180500	190000	200000	210000	220500
CODE E	198550	209000	220000	231000	242550
CODE F	231040	243200	256000	268800	282240

Notes:

- Above Tariff Rates are excluding all applicable taxes.
- 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 the rate as on 15th of the month will be applicable for the second fortnight.

**TARIFF RATE CARD APPROVED BY AERA FOR M/s ITBPL
AT BIJU PATNAIK INTERNATIONAL AIRPORT, BHUBANESWAR
IN RESPECT OF INTERNATIONAL "NON-SCHEDULED & GENERAL AVIATION FLIGHTS"
FOR THE FIRST CONTROL PERIOD (FY 2023-24 to FY 2027-28)**

Revised Tariff for Ground Handling Services is effective from 01.02.2024

(Rates in ₹)

	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
A/C Category	International Flights	International Flights	International Flights	International Flights	International Flights
Maximum Take Off Weight (MTOW)					
HELICOPTER	13321	14022	14760	15498	16273
≤ 6000	27382	28823	30340	31857	33450
>6000 - 12000	37003	38950	41000	43050	45203
>12000 - 25000	42553	44793	47150	49508	51983
>25000 - 40000	64754	68163	71750	75338	79104
>40000 - 70000	81406	85690	90200	94710	99446
>70000 - 100000	109157	114903	120950	126998	133347
> 100000 - 150000	162811	171380	180400	189420	198891
> 150000 & Above	185013	194750	205000	215250	226013

Notes:

- Above Tariff Rates are excluding all applicable taxes.
- 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 the rate as on 15th of the month will be applicable for the second fortnight.

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ANNEXURE III

ITEMISED TARIFF RATE CARD FOR GROUND HANDLING SERVICES
APPROVED BY AERA FOR M/s ITBPL AT BIJU PATNAIK INTERNATIONAL AIRPORT,
BHUBANESWAR FOR THE FIRST CONTROL PERIOD (FY 2023-24 to FY 2027-28)

Item-wise Charges for Ground Handling Services in respect of Domestic* & International Flights
Revised Tariff is effective from 01.02.2024

(Rates in ₹)

S. NO	SERVICES	UNIT	FY 2023-24		FY 2024-25		FY 2025-26		FY 2026-27		FY 2027-28	
			Dom.	Intl.	Dom.	Intl.	Dom.	Intl.	Dom.	Intl.	Dom.	Intl.
1	Air Starter Unit (NB)	Per Start	7500	15000	7875	15750	8269	16538	8682	17364	9116	18233
2	Aircraft Disinfection- Freighter Aircrafts	Per Service	3000	16000	3150	16800	3308	17640	3473	18522	3647	19448
3	Aircraft Disinfection- Pax Aircrafts Code C	Per Service	4000	8000	4200	8400	4410	8820	4631	9261	4862	9724
4	Aircraft Disinfection- Pax Aircrafts Code D/E	Per Service	25000	32000	26250	33600	27563	35280	28941	37044	30388	38896
5	Aircraft Disinfection- Pax Aircrafts Code F	Per Service	-	40000	-	42000	-	44100	-	46305	-	48620
6	Aircraft Marshalling	Per Service	1875	2480	1969	2604	2067	2734	2171	2871	2279	3014
7	Ambulift	Per flight leg	5000	10000	5250	10500	5513	11025	5788	11576	6078	12155
8	Apron Transport (Passenger)	Per Trip	950	1600	998	1680	1047	1764	1100	1852	1155	1945
9	Arrange non-scheduled Crew Hotel Accommodation (HOTAC)	Per flight	10% of Exp.		10% of Exp.		10% of Exp.		10% of Exp.		10% of Exp.	
10	ATC payment services	Per flight	10% of Exp.		10% of Exp.		10% of Exp.		10% of Exp.		10% of Exp.	
11	Baggage ID	Per Service	10% of Exp.		10% of Exp.		10% of Exp.		10% of Exp.		10% of Exp.	
12	Baggage /Cargo cart	Per Hour	10% of Exp.		10% of Exp.		10% of Exp.		10% of Exp.		10% of Exp.	
13	Blue collar staff	Per staff per hour	400	800	420	840	441	882	463	926	486	972
14	Crew Transport	Per Trip	950	1600	998	1680	1047	1764	1100	1852	1155	1945
15	Deportee/ Inadmissible (INAD) handling	Per passenger	-	1200	-	1260	-	1323	-	1389	-	1459
16	Excess Baggage Fee (% of collection)	As per collection	10% of Exp.		10% of Exp.		10% of Exp.		10% of Exp.		10% of Exp.	
17	Exterior Cleaning - NB	Per Service	52500	-	55125	-	57881	-	60775	-	63814	-
18	Exterior Cleaning - WB	Per Service	150000	-	157500	-	165375	-	173644	-	182326	-
19	Ground Power unit 90KVA	Per Hour	4700	10000	4935	10500	5182	11025	5441	11576	5713	12155

20	Interior Deep Cleaning - NB	Per Service	5000	8000	5250	8400	5513	8820	5788	9261	6078	9724
21	Passenger Step (mobile-NB)	Per Hour	1375	4000	1444	4200	1516	4410	1592	4631	1671	4862
22	Pushback for narrow body aircraft	Per Push	5000	10000	5250	10500	5513	11025	5788	11576	6078	12155
23	Toiler truck	Per Service	1375	2400	1444	2520	1516	2646	1592	2778	1671	2917
24	Towing of narrow body aircraft	Per Tow	5000	10000	5250	10500	5513	11025	5788	11576	6078	12155
25	Unaccompanied Minor (UM) Handling	per UM	950	1200	998	1260	1047	1323	1100	1389	1155	1459
26	Vacuum Cleaner	Per Hour	3750	4000	3938	4200	4134	4410	4341	4631	4558	4862
27	VIP Vehicle (Innova range)	Per Trip	10000	20000	10500	21000	11025	22050	11576	23153	12155	24310
28	VIP Vehicle (Luxury-Mercedes/BMW/AUDI range)	Per Trip	25000	40000	26250	42000	27563	44100	28941	46305	30388	48620
29	Water truck	Per Service	1375	2400	1444	2520	1516	2646	1592	2778	1671	2917
30	Wheel chair	Per Service	400	2400	420	2520	441	2646	463	2778	486	2917
31	White Collar Staff	Per staff per hour	600	1200	630	1260	662	1323	695	1389	729	1459

* Tariff for Domestic Flights is also applicable to Domestic 'Non-Scheduled and General Aviation Flights'.
Dom. = Domestic; Intl. = International

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 the rate as on 15th of the month will be applicable for the second fortnight.

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