

File No. AERA/20010/MYTP/Bhadra/GH/Calicut/2011-12

Consultation Paper No. 29/2011-12



Airports Economic Regulatory Authority of India

**Multi Year Tariff Proposal submitted by
M/s Bhadra International India Limited
for Ground Handling Services at
Kozhikode Airport, Calicut.**

New Delhi: 9th November, 2011

**AERA Building
Administrative Complex
Safdarjung Airport
New Delhi – 110 003**

M/s Bhadra International India Limited (Bhadra), have vide their proposal dated 30.04.2011 and subsequent communications submitted their Multi Year Tariff Proposal (MYTP), for the first control period of 5 years, in respect of the services provided for Ground Handling at Kozhikode Airport, Calicut. Bhadra have also submitted the Annual Tariff Proposal (ATP) for the first tariff year requesting for approval of the tariff to be applicable from 01.04.2011.

2.1 Bhadra have sought approval for the tariff for the control period based on a **“light touch approach” as prescribed in Chapter V of the Airports Economic Regulatory Authority of India (Terms and Conditions for Determination of Tariff for Services Provided for Cargo Facility, Ground Handling, and Supply of Fuel to the Aircraft) Guidelines, 2011 (the Guidelines).**

2.2 As stipulated in the Guidelines, the Authority shall follow a three stage process for determining its approach to the regulation of a regulated service –

- (i) Materiality Assessment;
- (ii) Competition Assessment;
- (iii) Assessment of reasonableness of the User Agreements between the service providers and the users of the regulated services.

2.3. As per clause 4.4 of the Guidelines, in respect of ground handling services, the materiality shall be assessed based on international aircraft movements at the major airport as a percentage of total international aircraft movements at all major airports. The percentage share of international aircraft movements for Kozhikode Airport, Calicut as per April-2010 to March’2011 AAI statistics, is **4.9% which is lesser than** the 5% Materiality Index fixed for the subject service. Hence, the regulated service is deemed **‘not material’**.

2.4 As per Clause 3.2 of the Guidelines, based on the assessment of materiality **and competition, when such regulated service is deemed “not material”,** the Authority shall determine tariff(s) for the service provider(s) based on a light touch approach. The regulated service being provided by Bhadra at Kozhikode Airport, Calicut **is “not material”** and hence may come under the light touch approach for tariff determination, as per procedure specified in Chapter V of the Guidelines.

2.5 Further, as per the information furnished in Form F1(b) on the Competition Assessment, the ground handling services at Kozhikode Airport, Calicut are being provided by Bhadra as well as Air India SATS. Hence the service is also competitive.

3. Bhadra have also submitted the ATP requesting for tariff to be applicable with effect from 01.04.2011 **(Annexure-I)**. In support of ATP, Bhadra has submitted copy of Standard Ground Handling Agreement between Bhadra and its clients for providing ground handling services at Calicut Airport.

4. The proposal has been considered by the Authority, in its 58th Meeting held on 08.11.2011, and the Authority has decided to make the following proposals for stake holder consultation:-

- (i) The ground handling service provided by Bhadra at Kozhikode Airport, Calicut is “not material”. Hence, the Authority may adopt a “Light Touch Approach” for determination of tariff for the 1st Control period w.e.f 01.04.2011.
- (ii) The charges proposed by Bhadra, as at **Annexure – I**, may be approved w.e.f. 01.04.2011 or such other prospective date as the Authority may finally decide.

5. In accordance with the provisions of Section 13(4) of the AERA Act, 2008 the proposal contained in para 4 above is hereby put forth for stakeholder consultation. To assist the stakeholders in making their submissions in a meaningful and constructive manner, necessary documents are enclosed (**Annexure-II**). For removal of doubts, it is clarified that the contents of this Consultation Paper may not be construed as any Order or Direction of this Authority. The Authority shall pass an Order, in the matter, only after considering the submissions of the stakeholders in response hereto and by making such decision fully documented and explained in terms of the provisions of the Act.

6. The Authority welcomes written evidence-based feedback, comments and suggestions from stakeholders on the proposal made in para 4 above, latest by **23.11.2011** at the following address:

Capt. Kapil Chaudhary,
Secretary,
Airports Economic Regulatory Authority of India,
AERA Building,
Administrative Complex,
Safdarjung Airport,
New Delhi- 110003
Email: kapil.chaudhary@era.gov.in
Tel: 011-24695042
Fax: 011-24695039

Yashwant S. Bhawe
Chairperson

Station Name: Calicut

Form F14 (b): Annual Tariff Proposal for Tariff Year - t Format for providing information on Tariff(s) (ref: Section A1.8 of Appendix I)				
Tariff Heading	Conditions of Tariff	Applicable Discount/ Surcharge	Estimated Units	Estimated Revenues
A-International	eg. Tariff per Flight in (INR)	eg. Discount if paid within 15 Days	eg. Number of ATMs	Tariff * Estimated Units (INR)
a-Passenger Flights				
A320(Narrow Body) Upper limit	1,25,208	Airport royalty of 32.5% is included in the above rates. However service tax as applicable will be charged on the above rate	887	7,40,69,714
A320(Narrow Body) lower limit	83,472			
A300/310 Upper limit	1,55,100			
A300/310 Lower limit	1,36,300			
Wide Body(747/777) Lower Limit	1,73,900			
Wide Body(747/777) Upper Limit	2,02,100			
b-Freighter				
Freighter Lower Limit	1,55,100	180	2,79,92,448	
Freighter Upper Limit	2,11,500			
	Total		1504	17,67,79,378
B-DOMESTIC				
a-Passenger Flights				
Learjet, Jetstream, DH6, C560	12,600			
YAK40, CL60, F50, F27, F28, C750, AN24, ATR42, ATR72, HS748, HS125, DA90, G-2 to GB, TU124, TU134, CRJ, EM4, CV580, BAC111, BE2 AN8, AN12, B737-100/200, IL18, DC9, MD82, F70, F100 A320, A321, B727, B737-500 to 800, C130, MD 83/87/88/90, TU154, TU104	20,250			
B757, TU204, B707, C106	36,000			
A310, A300, A330, B767, IL62, IL76, DC8, 787-3	45,000			
A340, B777, DC10, IL86, IL96, MD11, L1011, B747, AN124	54,000			
	99,000			
b-Freighter				
Freighter A310	74,730			
Freighter ATR	21620			



Annexure - I

Form A: (ref: Section A1.1 of Appendix I)

BEFORE THE AIRPORTS ECONOMIC REGULATORY AUTHORITY OF INDIA


AT NEW DELHI

SUBMISSION OF MULTI YEAR TARIFF PROPOSAL FOR AND ON BEHALF OF:

M/S BHADRA INTERNATIONAL INDIA LTD.

I, Prem Bajaj, aged 55 resident of New Delhi acting in my official capacity as Managing Director in M/s Bhadra International India Ltd. having its registered office at B-4/62, 1st Floor, Safdarjung Enclave, New Delhi - 110029 do hereby state and affirm as under that:

1. That I am duly authorized to act for and on behalf of M/s Bhadra International India Ltd. in the matter of making this submission before the Airports Economic Regulatory Authority of India, New Delhi (the Authority');
2. I am competent to make this submission before the Authority;
3. I am making this submission in my official capacity and the facts stated herein are based on official records ;
4. The contents of this submission which include inter alia (i) Business Plan; (ii) Information relating to the Regulatory Building Blocks; (iii) Competition Assessment; (iv) Historical and Forecasted Volumes; and (v) Historical Revenues, are correct and true to my knowledge and belief and nothing material has been concealed there from.


 (Prem Bajaj)

Managing Director

Place New Delhi

Date: 30-04-2011



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BEFORE THE AIRPORTS ECONOMIC REGULATORY AUTHORITY OF INDIA

AT NEW DELHI

SUBMISSION OF PROPOSAL FOR DETERMINATION OF ANNUAL TARIFF FOR AND ON BEHALF OF:

M/S BHADRA INTERNATIONAL INDIA LTD.

I, Prem Bajaj, aged 55, resident of New Delhi resident of B-4/62 Safdarjung Enclave New Delhi-29 acting in my official capacity as Managing Director in *M/s Bhadra International India Ltd* having its registered office at B-4/62, 1st Floor, Safdarjung Enclave, New Delhi - 110029 do hereby state and affirm as under that:

1. That I am duly authorized to act for and on behalf of *M/s Bhadra International India Ltd* in the matter of making this submission before the Airports Economic Regulatory Authority of India, New Delhi ('the Authority');
2. I am competent to make this submission before the Authority;
3. I am making this submission in my official capacity and the facts stated herein are based on official records;
4. ~~The contents of this submission which include inter alia (i) Estimated Maximum Allowed Yield per unit and the proposed detailed break up of Tariff(s) (in context to Estimated Maximum Allowed Per Unit where determined by the Authority) where the Authority has specified a price cap approach for the duration of the control period, pursuant to clause 3.2;~~

Or

Proposed detailed break-up of tariff(s) based on clause 11.2 where Authority has specified a light touch approach for the duration of the Control Period, pursuant to Clause 3.2; and

(ii) Justifications are correct and true to my knowledge and belief and nothing material has been concealed there from.

(Prem Bajaj)

Managing Director

Place

Date:


bhadra

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Form 1 (b) Competition Assessment (ref: Section A1.3 of Appendix I)

Sl. No.	Details of Competitive facilities
1	Air India SATS
2	Bhadra International India Limited
3	* Continuation by non-entitled entities.
4	
5	
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Form F7 - Format for Identifying Initial Regulatory Asset Base (ref. Section A1.5 of Appendix I)

Fixed Assets already commissioned as on...

S.N.	Asset Name	Asset Type	Description of the Asset	Commission Date	Useful Life	Original Cost of Asset	Depreciation Rate	Accumulated Depreciation
1	PUSH BACK TRACTOR CONVENTIONAL				10	1.75	10%	0.175
2	PUSH BACK TRACTOR WIDE-BODY				10	1.80	10%	0.18
3	LOADER 7 TON.S.				10	1.63	10%	0.163
4	LOADER 7 TON.U.				10	0.98	10%	0.098
5	MAIN-DECK LOADER				10	0.00	10%	0
6	GROUND -POWER UNIT 90 KVA				10	1.04	10%	0.104
7	GROUND -POWER UNIT '140 / 180 KVA				10	0.26	10%	0.026
8	AIR START UNIT				10	3.11	10%	0.311
9	AIR CONDITIONING UNIT 150 TON				10	0.89	10%	0.089
10	AIR CONDITIONING UNIT 65 TON				10	1.11	10%	0.111
11	TRANSPORTER 10FT				10	0.00	10%	0
12	TRANSPORTER 20FT				10	0.00	10%	0
13	TOW BARS				10	0.30	10%	0.03
14	CONVEYOR -BELT TOWABLE				10	0.16	10%	0.016
15	CONVEYOR -BELT MOBILE				10	0.78	10%	0.078
16	AUTO - STEP TOWABLE				10	0.31	10%	0.031
17	AUTO - STEP SELF -PROELLED				10	1.11	10%	0.111
18	TOW -TUGS				10	2.33	10%	0.233
19	TOILET CART TOWABLE				10	0.00	10%	0
20	TOILET CART SELF PROPELLED				10	0.94	10%	0.094
21	WATER CART TOWABLE				10	0.00	10%	0
22	WATER CART MOBILE				10	0.67	10%	0.067
23	PASSENGER COACHES				10	2.57	10%	0.257
24	FORK LIFTS					0.00	10%	0
25	BAGGAGE TROLLEYS					0.11	10%	0.011
26	COINTAINER DOLLEY					0.09	10%	0.009



Form F7: Format for Identifying Initial Regulatory Asset Base (ref. Section A1.5 of Appendix 1)

Fixed Assets already commissioned as on...

S.N.	Asset Name	Asset Type	Description of the Asset	Commission Date	Useful Life	Original Cost of Asset	Depreciation Rate	Accumulated Depreciation
27	PALLET DOLLEY 10 FT				10	0.12	10%	0.012
28	PALLET DOLLEY 20 FT				10	0.00	10%	0
29	CREW VEHICLE				10	0.16	10%	0.016
30	CABIN CLEANING VEHICLE				10	0.08	10%	0.008
31	LIGHTING TOWER WITH DG SET				10	0.33	10%	0.033
32	FUEL BOWSER				10	0.13	10%	0.013
33	FIRE- BOTTLES				10	0.07	10%	0.007
34	STEP FOR MAINTAINENCE AND FUELLING				10	0.01	10%	0.001
35	WHEEL CHAIR				10	0.01	10%	0.001
36	CHOKES				10	0.02	10%	0.002
37	AMBULIFT				10	0.35	10%	0.035
38	LAZY ROLLERS				10	0.00	10%	0
39	IT SOLUTIONS FOR GROUND HANDLERS				10	0.00	10%	0
40	CREW STAIRS				10	0.00	10%	0
41	AIRCRAFT TURN AROUND TOOLS				10	0.00	10%	0
42	EASY DROP DISPOSABLE				10	0.00	10%	0
43	O2 & N2 System				10	0.00	10%	0
44	CHERRY PICKER				10	0.00	10%	0
45	VEHICLES				10	0.00	10%	0



Form F8 (a) - Format for providing asset-wise information of stakeholder contributions (ref: Section A1.5 of Appendix I)

Details of User Contributions of the assets												
S.N.	Contribution Name	Asset Name	Extent of User Contribution approved for the project	Year of Approval	Tenure for User Contribution collection	Actual Accumulated Collection till beginning of the previous year	Accumulated Collection estimated till the beginning of the first Tariff Year*	Total Collection proposed in Tariff Year 1	Total Collection proposed in Tariff Year 2	Total Collection proposed in Tariff Year 3	Total Collection proposed in Tariff Year 4	Total Collection proposed in Tariff Year 5
1	Grant	Asset A	-	-	-	-	-	-	-	-	-	-
2		Asset B	-	-	-	-	-	-	-	-	-	-
3		-	-	-	-	-	-	-	-	-	-
4	Development Fee	Asset C	-	-	-	-	-	-	-	-	-	-
5		-	-	-	-	-	-	-	-	-	-

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Form F8 (b): Format for providing proposed exclusions from RAB (ref: Section A1.5 of Appendix I)

Details of Proposed Excluded Assets from RAB						
S.N.	Asset Name	Book Value	Accumulated Depreciation	Justification for exclusion	Any Land Associated with Asset	If yes, details of land
1	Asset A	-	-	-	-	-
2	Asset B	-	-	NIL	-	-
3	-	-	-	-	-
4	-	-	-	-	-
5	-	-	-	-	-



Form F-10 (a)- Capital Projects Completed before current Review for Roll-Forward of RAB (ref: Section A1.5 of Appendix I)

Project Details				Projected Capital Expenditure																			
S. N.	Project Name	Project Type	Comn Date	Tariff Year 1				Tariff Year 2				Tariff Year 3				Tariff Year 4				Tariff Year 5			
				Capex	Com	CDate	WIP	Capex	Com	CDate	WIP	Capex	Com	CDate	WIP	Capex	Com	CDate	WIP	Capex	Com	CDate	WIP
1	Project 1	Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Project 2	Vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Project 3	P&M	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Project 4	F&F	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
...																					
Project Details				Actual Capital Expenditure																			
S. N.	Project Name	Project Type	Comn Date	Tariff Year 1				Tariff Year 2				Tariff Year 3				Tariff Year 4				Tariff Year 5			
				Capex	Com	CDate	WIP	Capex	Com	CDate	WIP	Capex	Com	CDate	WIP	Capex	Com	CDate	WIP	Capex	Com	CDate	WIP
1	Project 1	Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Project 2	Vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Project 3	P&M	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Project 4	F&F	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
...																					

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Form F10 (b) Capital Expenditure Projected Plan - 10 Year Master (ref: Section A1.5 of Appendix I)

Note:- Information to be provided for 10 Year period for all projects either spilling into the period or starting during the period

Project Details				Estimated WIP, Capex and Commissioning in each year																							
S. N.	Project Name	Project Type	Comm Date	Financial Year before Tariff Year 1*			Tariff Year 1				Tariff Year 2				Tariff Year 3				Tariff Year 4				Tariff Year 5				
				TCAPEX	TCOMM	WIP	Capex	Com	CDate	WIP	Capex	Com	CDate	WIP	Capex	Com	CDate	WIP	Capex	Com	CDate	WIP	Capex	Com	CDate	WIP	
1	Project 1	Buildings		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2	Project 2	Vehicles		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
3	Project 3	P&M		-	-	-	-	23.20	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
4	Project 4	F&F		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

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Form F10 (c) - Year-wise Capital Expenditure Financing Plans for next 10 years (ref. Section A15 of Appendix II)

Note:- Information to be provided for 10 Year period for all projects either spilling into the period or starting during the period

Project Details		Tariff Year 1				Tariff Year 2				Tariff Year 3				Tariff Year 4				Tariff Year 5			
S. N.	Total Capex Planned	Internal Accrual	Equity Infused	User Contributions	Total Debt	Internal Accrual	Equity Infused	User Contributions	Total Debt	Internal Accrual	Equity Infused	User Contributions	Total Debt	Internal Accrual	Equity Infused	User Contributions	Total Debt	Internal Accrual	Equity Infused	User Contributions	Total Debt
NA																					

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Form F10 (e) Additional Capital Projects Summary (ref. Section A15 of Appendix I)

Forecast WIP Assets						
S. N.	Particulars	Tariff Year 1	Tariff Year 2	Tariff Year 3	Tariff Year 4	Tariff Year 5
E	Opening WIP Assets					
	<i>Building</i>	-	-	-	-	-
	<i>Plant & Machinery</i>	-	-	-	-	-
	<i>Electrical Installation</i>	-	-	-	-	-
	<i>Furniture and Fittings</i>	-	-	-	-	-
	...					
F	Additions - New WIP					
	<i>Building</i>	-	-	-	-	-
	<i>Plant & Machinery</i>	23.20	-	-	-	-
	<i>Electrical Installation</i>	-	-	-	-	-
	<i>Furniture and Fittings</i>	-	-	-	-	-
	...					
G	WIP Capitalisation					
	<i>Building</i>	-	-	-	-	-
	<i>Plant & Machinery</i>	23.20	-	-	-	-
	<i>Electrical Installation</i>	-	-	-	-	-
	<i>Furniture and Fittings</i>	-	-	-	-	-
	...					
H	Closing WIP Assets					
	<i>Building</i>	-	-	-	-	-
	<i>Plant & Machinery</i>	-	-	-	-	-
	<i>Electrical Installation</i>	-	-	-	-	-
	<i>Furniture and Fittings</i>	-	-	-	-	-
	...					



Form F11 (a) Employee Strength (ref Section A1.5 of Appendix I)

S. N.	Particulars- with detailed breakup	Last available audited year ^	Financial Year before Tariff Year 1 *	Tariff Year 1	Tariff Year 2	Tariff Year 3	Tariff Year 4	Tariff Year 5
A	Department -wise Full Time Employees							
	Senior Management			1	1	1	1	1
	Middle Management			32	38	46	55	66
	Airline Staff			316	379	455	546	655
							
B	Department -wise Part-Time/ Contractual Employees							
	Department 1	-	-	-	-	-	-	-
	Department 2	-	-	-	-	-	-	-
	Department 3	-	-	-	-	-	-	-
	Department 4	-	-	-	-	-	-	-
	-	-	-	-	-	-	-



Form F11 (f): Other outflows (ref. Section A1.5 of Appendix I)

S. N.	Particulars	Last available audited year ^	Financial Year before Tariff Year 1 *	Tariff Year 1	Tariff Year 2	Tariff Year 3	Tariff Year 4	Tariff Year 5
A	-	-	-	-	-	-	-
B			NIL				
C							
1	Grand Total		-	-	-	-	-	-

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Form F12 (b) Historical Aircraft Movements (ref. Section A1.6 of Appendix I)

Year	Domestic (Landing)	International (Landing)
2003-04	-	-
2004-05	-	-
2005-06	-	-
2006-07	-	-
2007-08	-	-
2009-10	-	-
2010-2011 *	2884	13806

Note: The figure for the year has been taken from the statistical data of AAI.

The figures have been used in projection of Aircraft movement in subsequent years.



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Station Name:

Calicut

Form F-12 (C) Projected Aircraft Movements (ref. Section A1.6 of Appendix I)

Year	Domestic (Landing)			International (Landing)			Forecast Error Correction band
	Optimistic	Most Likely	Conservative	Optimistic	Most Likely	Conservative	
2011-2012	2884	2884	2596	14966	14966	13469	
2012-2013	14966	14966	13469	16223	16223	14601	
2013-2014	16223	16223	14601	17456	17456	15710	
2014-2015	17456	17456	15710	18783	18783	16905	
2015-2016	18783	18783	16905	20211	20211	18190	

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