

AIRPORTS ECONOMIC REGULATORY AUTHORITY OF INDIA

MINUTES OF THE STAKEHOLDERS' CONSULTATION MEETING HELD ON 06.08.2024 AT 03:30 PM IN UDAAN BHAWAN ON THE PROPOSALS MADE IN CONSULTATION PAPER NO. 03/2024-25 IN THE MATTER OF DETERMINATION OF AERONAUTICAL TARIFF FOR COIMBATORE INTERNATIONAL AIRPORT, COIMBATORE (CJB) FOR THE SECOND CONTROL PERIOD (2023-2028).

1. Section 13(4)(a) of the Airports Economic Regulatory Authority of India Act, 2008 empowers AERA to ensure transparency in Consultation Process for determination of tariff in the wider interest of the public and the stakeholders. Accordingly, a Stakeholders' Consultation Meeting was convened by the Authority on 06.08.2024 at 03:30 PM at Udaan Bhawan to elicit the views of the Stakeholders on the proposals made in the Consultation Paper No. 03/2024-25 dated 22.07.2024 issued by the Authority in the matter of determination of aeronautical tariff for Coimbatore International Airport, Coimbatore for the Second Control Period (01.04.2023 – 31.03.2028). The list of participants is enclosed at **Annexure-I**.
2. At the outset, Chairperson, AERA welcomed all the participants in the Stakeholders Consultation meeting of Coimbatore International Airport. He briefly outlined the agenda and spelled out the regulations under the AERA Act that guided the tariff determination for Coimbatore International Airport. The due process of evaluation and assessment of the tariff proposal submitted by Coimbatore International Airport /AAI for the Second Control Period had culminated in the issuance of the said Consultation Paper and the convening of the stakeholder meeting.

Chairperson then provided an overview of the analysis & due diligence done in respect of MYTP submission of Airports Authority of India (AAI) for Coimbatore International Airport, in two parts i.e., true up of the First Control Period (01.04.2018 to 31.03.2023) and projections for the Second Control Period (01.04.2023 to 31.03.2028). Chairperson, further informed that for each regulatory building block, Consultation Paper comprehensively explains the Airport Operator's i.e. AAI's submission and AERA's proposals (after its detailed review & analysis) on each building block.

Chairperson said that the Authority is looking forward to the views/comments of the stakeholders on the Authority's various proposals contained in the Consultation Paper. He also re-iterated that AERA is committed to ensuring transparency as per the provisions of Section 13(4)(a) of the AERA Act, 2008.

The Chairperson, while acknowledging the participation of the Stakeholders, noted that participation of the stakeholders has been coming down as compared to the last few Stakeholders' Consultation Meetings and hence

directed the tariff division to ensure increased participation in the forthcoming Stakeholders' Meeting which AERA convenes at regular intervals.

Thereafter, the Chairperson invited AAI Officials to make their presentation and also invited stakeholders to present their views/comments on the various proposals of AERA as contained in the Consultation Paper No. 03/2024-25 for Coimbatore International Airport.

Airports Authority of India

3. Mr. L. Kuppulingam, ED (JVC), AAI extended his gratitude on behalf of AAI for the invitation to make presentation on the Consultation Paper. He informed that AAI's comments/views on (Consultation Paper) will be presented by Mr. R. Prabhakar, GM (Finance-JVC), AAI.
4. Mr. R Prabhakar, GM (Finance-JVC) introduced himself and expressed gratitude to AERA for issuing the Consultation Paper for Coimbatore International Airport. He expressed the inability of the Airport Director, Coimbatore Airport to be present in the stakeholders' meeting on account of certain personal exigencies. Thereafter, he made a presentation before the Authority and other stakeholders covering the following aspects:
 - a. Airport License validity
 - b. Runway – Specifications and other details
 - c. Land Management – total land acquired by State Government, land under acquisition process and the expansion works planned on the land acquired/under acquisition.
 - d. Airport Systems & BDDS Equipment - Availability and Serviceability of Security, Surveillance and BDDS Equipment
 - e. Airport Terminal Management – operating Airlines, Air connectivity to Domestic and International destinations, Passenger Traffic and Air Traffic Movement data for last 5 years
 - f. Digi Yatra (IT Project) – Initiatives of AAI for implementation of Digi Yatra for seamless travel of the passengers.
 - g. Commercial Facilities and Amenities available at Coimbatore Airport
 - h. MYTP for Coimbatore Airport – true-up of First Control Period (2018-19 to 2022-23) and Projections for Second Control Period (2023-24 to 2027-28).
 - i. Details of actual Capex Expenditure incurred (above Rs. 50 lakhs) for the First Control Period
 - j. Comparison of Actual ARR & Shortfall (as per AAI) vs. proposed ARR & Shortfall (as per AERA) for the First Control Period
 - k. Passenger Throughput and ATM Movement projection for Second Control Period
 - l. List of Major Capital Expenditure (above Rs. 50 Lakhs) proposed for the Second Control Period
 - m. Comparison of ARR (as per AAI) vis-a-vis. ARR (as per AERA) proposed in CP for the Second Control Period



Mr Prabhakar then presented AAI's submission on the issues relating to the Authority's proposals in the Consultation Paper as enumerated below:

- i. Revised Terminal Building Area** – He mentioned that the space rentals from airlines were classified as Aeronautical Revenue, contrary to AAI's proposal to consider the same as non-aeronautical, in line with the previous orders issued by AERA. He emphasized that if such revenues are considered as Aeronautical then the space allotted to Airlines should also be deemed as Aeronautical Area. Therefore, the terminal building ratio should also be re-computed accordingly.
- ii. Repair & Maintenance Expenses restricted to 6%** – It was mentioned that AERA had restricted Repair & Maintenance expenses to 6% of the Opening RAB (Net Block). Further, it was informed that Coimbatore International Airport is an old airport and have land constraints in expanding the airport and hence the existing terminal will have high maintenance expenses. Therefore, AERA was requested not to restrict the Repair & Maintenance expenses to 6% of Opening RAB.
- iii. Payroll Expenses** – It was mentioned that AERA has considered 6% Y-o-Y growth rate for payroll expenses in comparison to AAI's submission of 7% Y-o-Y growth rate. Further, AERA has not considered a one-time increase of 25% in payroll expenses due to Pay revision in FY 2027-28. AERA was requested to consider the 7% year-on-year growth rate and include the one-time increase of 25% in payroll expenses for FY 2027-28 due to the pay revision.
- iv. Mechanised Environment Support Services (MESS) Contract** –AERA has considered a growth rate of 3.70% (i.e. forecasted Inflation Rate based on WPI) on MESS contract expenses in comparison to the AAI's submission of 10% growth rate. It was informed that this contract has been awarded considering 10% inflation, in accordance with Central Government labour laws. AERA was requested to consider the 10% year-on-year growth rate as stipulated in the contract awarded by the AAI.

On conclusion of AAI's presentation, AERA invited other stakeholders to present their views/comments on the Consultation Paper.

5. Airport Operators

5.1. Noida International Airport (NIA)

Mr. Paritosh Kumar, Regulatory Head, NIA, mentioned that they would submit written comments to the Authority, if any, within stipulated timelines.

5.2. Adani Group

Mr. Ravikant Bhatia, DGM - Corporate Affairs stated that they have no comments to offer at present, however, they would submit written comments, if any, to the Authority within the stipulated timelines.



6. Airlines and Airline Associations

6.1. SpiceJet Airlines

Ms. Poonam Yadav, Senior Manager (Ground Services), stated that they have already provided their comments to FIA and representative of FIA will present the comments on their behalf.

Chairperson, AERA asked the representative of SpiceJet regarding any flight operations in Coimbatore of their Airlines. In response to Chairperson's query, she informed that at present they do not have any flights to/from Coimbatore airport.

6.2. Indigo Airlines

Mr. Rajan Malhotra – Indigo, stated that they have already furnished their comments to FIA and their comments will be presented by FIA. Further, he also asked whether AAI have any airport expansion plans for Coimbatore airport as existing infrastructure facilities at the airport are inadequate and terminal building is congested.

The Authority intervened and asked AAI to respond to the queries of Indigo. AAI, in this regard has responded that at present there is no plan for upgradation/expansion of Terminal Building facilities etc. in the Second Control Period, due to land restriction/acquisition. *However, Mr. R Prabhakar, GM (Finance), AAI further clarified that some reconfiguration work of existing terminal building has already been done in the First Control Period and that, if there is an operational requirement for expansion/ reconfiguration, then it would be taken up in the Second Control Period. The same has not been proposed in the MYTP submission due to issues relating to land acquisition.*

6.3. Air India

Mr. Rohit Kumar -Air India, thanked the Authority for the opportunity given to present their viewpoint and assured that they would submit their comments through FIA.

6.4. Akasa Air

Mr. Tauheed Mohammad, DGM - Regulatory Affairs, Akasa Air stated that their comments would be submitted to the Authority through FIA. He also mentioned that they have no flights to Coimbatore airport at present.

6.5. Federation of Indian Airlines (FIA)

Mr. Ujjwal Dey, Associate Director, thanked the Authority on behalf of FIA for the Stakeholders' Consultation Meeting. He emphasized that they have seen the presentation made by AAI for the Coimbatore Airport. However more clarity is required from the Airport Operator on the following issues:

- i. **Land Acquisition details** – More clarity is needed on the land acquisition for expansion of existing infrastructure/facilities. In the presentation made by AAI, City Side land requirement has been shown

as 150.89 acres, however, the land needed for Terminal Building and associated infrastructure has been shown separately as 82 acres. However, during discussion it was mentioned that terminal building was already included in the cityside development of 150.89 acres.

In reply to the above comments, Mr. R Prabhakar, GM (Finance), AAI stated that they will get back with the required clarifications.

- ii. Independent Study for Projection of Passenger Traffic** – He enquired from AERA whether any Independent Study has been conducted for projection of passenger traffic.

AAI representative informed that AAI has a specialized department for traffic forecasting i.e., CPMS Deptt., and AAI projection for Second Control Period is based on CPMS' surveys/ studies.

In response to the above Director (Policy & Statistics), AERA stated that AERA has also done their own due diligence through its Independent Consultant. He also mentioned that AERA has in-house competency to assess the traffic projections submitted by AAI based on historical traffic trend pattern. Based on the inhouse review, AERA has considered actual traffic for FY 2023-24 and has applied growth rates for remaining years of the Second Control Period as submitted by AAI accordingly.

- iii. Actual Capital Expenditure in First Control Period** – FIA enquired about the purpose of capital expenditure incurred for Staff Quarters of approximately Rs. 20 crores as mentioned in the presentation. He stated that similar kind of provisions were taken at Patna airport as well. The point of concern is why the traveller should pay for all the AAI staff accommodation in the airport premises, rather the accommodation may be restricted for 50 odd staff only, who are required for basic necessities and safety purposes like CISF and emergency response team but not for the whole AAI staff. He informed that AERA, had considered that and reduced the proposal of AAI at Patna airport.

Mr. Dey further stated that if such capex is proposed then it should be only for the housing of staff who are in-charge of safety and security, emergency support staff, etc. who are required 24x7 for airport operations. In this regard, he requested that AERA should rationalise the expenses for those AAI Staff other than safety and security or emergency purpose so as to not burden the passenger.

Member (I), AERA replied in the matter and stated that he had visited the airport and noted that few staff quarters were built and these quarters are used by repair and maintenance and operational staff of Coimbatore Airport in order to provide seamless services round-the-clock at the airport. Member AERA further informed that Coimbatore is a major airport and staff is staying near the airport so as to remain available on 24 X 7 basis for attending to any emergency situation. Moreover, it is the staff connected with fire safety & rescue operations which generally stay in staff quarters. AAI was asked to send a factual status on the matter.

- iv. **Aggregate Revenue Requirement (ARR)** – FIA enquired of the reasons why AERA had proposed Net ARR of ₹ 728.05 Crores as compared to the submission of AAI of Net ARR of ₹ 662.95 Crores.

In reply to the above comment, both Members (I&II), AERA and Director(P&S), AERA confirmed that while the Net ARR of ₹ 662.95 Crores proposed by AAI is before considering the carry forward of shortfall from First Control period, the total ARR as claimed by AAI, after including first control period's shortfall, is ₹ 907.13 Crores against which net ARR proposed by Authority is ₹ 728.05 Crores only.

- v. **Fair Rate of Return (FRoR)** – FIA enquired about the reason for considering the FRoR for Coimbatore International Airport at 13.71% as against the approx. 12% considered for other PPP airports.

In reply to the above comment, Member (I), AERA stated that FRoR is determined based on the evaluation of the specific debt and equity mix proposed by AAI. Further, Director, AERA stated that AAI has taken small amount of debt for the Second Control Period and considering the actual gearing, the FRoR was determined.

Mr. Ujjwal Dey requested AAI to provide more financial information in their presentations going forward to improve the Stakeholders' understanding. He also informed that they would be submitting their written comments to the Authority within the stipulated timelines.

7. **Cargo Companies:**

7.1. **AAI Cargo Logistics & Allied Services Company Limited (AAICLAS)**

Mr. Amit Kumar from AAICLAS stated that their comments would be submitted to the Authority in written form within the stipulated timelines.

8. **Ground Handling:**

8.1. **AI Airport Services Limited (AIASL)**

Mr. Amit Mishra, AGM (GH) introduced AIASL, which provides ground handling services at various major airports. He wanted to know the factors considered by AAI for projecting the percentage growth in passenger and aircraft traffic at Coimbatore airport. Mr Mishra said earlier Sri Lankan Airline was also operating at the Coimbatore Airport and now they have suspended the operation. Now, there is merger of Air India with Vistara and Air Express with Air Asia and further there is an induction of 470 new aircrafts. He enquired whether these factors were considered in the AAI's traffic projections.

In response to the above comments, Mr. R Prabhakar, GM (Finance), AAI stated that they will check the facts as stated by AIASL and come back. He also stated that the traffic forecast depends on the other factors like location of the airport, economic activity, etc.

AGM (GH), AIASL further said that their comments would be submitted to the Authority in writing within stipulated timelines.

8.2. **Bird Worldwide Flight Services (I) Private Limited**

Ms. Pooja Singh, Manager - Regulatory stated that their comments would be submitted to the Authority in written form within the stipulated timelines.

9. **Oil Companies:**

9.1. **Hindustan Petroleum Corporation Limited (HPCL)**

Mr. Shaik Althaf, Chief Manager - Aviation noted that AAI's presentation did not cover any aspect related to Fuel Farm Infrastructure at the Coimbatore Airport. Mr Althaf informed that as per their last meeting with AAI Member - Planning & Operations, the AAI is looking forward to have Open Access System similar to other major airports for better & efficient operations. Considering that Coimbatore International Airport is one of the major airports in Tamil Nadu, he enquired whether there was any plan for the implementation of Open Access System for fuel farm services at the airport.

Chairperson AERA mentioned that this was indeed an essential requirement and requested AAI to explore the possibilities for implementing an open access system at the Coimbatore Airport.

In reply to the above comments, Mr. Ravi Kanojia, Manager Finance – AAI informed that it was included in the Master Plan for future development.

Chief Manager- Aviation, HPCL further informed that there are 5 fuel suppliers namely HPCL, IOCL, BPCL, Reliance and Shell and their combined storage capacity is somewhere around 1500 Kilo litres only, whereas, airport right now requires much more than the present storage capacity, based on present traffic, , so we need to have futuristic view on fuel infrastructure facilities.

Member (I), AERA informed all the stakeholders that PNGRB is laying the direct ATF pipelines to the major airports, considering that, if we have open access system like he (Mr. Althaf) is suggesting, it will be very beneficial and there will be no bowser movements over the apron and it will help in preventing any incident at the apron area. Most of the Major PPP Airports are putting up this facility, AAI also should start creating fuel farm infrastructure on open access basis.

9.2. **Indian Oil Skytanking Limited (IOSL)**

Mr. Sanjeev Negi, Sr. Manager stated that they would submit their comments to the Authority in writing within the stipulated timelines.

10. **Other Industry Bodies:**

10.1. **Air Traveller's Association (ATA)**

Mr. GS Bawa, Secretary General thanked AERA for convening the stakeholders meeting and the invitation extended to ATA. He highlighted the concerns of passengers and noted that AAI is a very matured organization

and have high standards and benchmarking of passenger services, however somehow it is missing from the AAI's presentation.

He emphasized the importance of benchmarking of passenger services at the airports and reporting the same by the airport operators in presentations made to the Stakeholders. He said that benchmarking provides crucial information to both regulators and airport operators. Mr Bawa also stated that there are around 40-50 Key Performance Indicators (KPIs) to measure the performance of the airport and that the Airport Operators should include these KPIs in the presentation made to the Stakeholders. He emphasized the importance of the source of data collection and method used therein should also be highlighted in the presentation appropriately.

10.2. **International Air Transport Association (IATA)**

Mr. Ujjwal Bakshi, Industry Affairs Manager - IATA expressed gratitude to AERA for convening the stakeholders meeting and for the invitation extended to IATA. He also appreciated AERA for the thorough review of all the assets and cost allocation. He commended AERA for the non-consideration of CSR expenses in Operating Expenses. He also reiterated that AERA should mandate the Airport Operators to share Service Manuals and Performance Benchmarks and actual matrix achieved.

11. **Smt. V. Vidya, Member (II), AERA** thanked all stakeholders for attending the meeting. She said that views of the stakeholders are very important to AERA and assured that the views/comments of all stakeholders will be considered on merits. She remarked that AERA expected more stakeholders would attend the stakeholders' consultation meeting going forward, so as to make the consultation process more meaningful.

She highlighted that the projected capital expenditure for Coimbatore International Airport was quite low and also requested for specific comments from the stakeholders with respect to capping of Repair & Maintenance expenses to 6% of opening RAB and Fair Rate of Return proposed at 14%, as discussed in the Consultation Paper.

She requested all stakeholders to provide their written comments by the stipulated date i.e. 21st August 2024.

12. **Shri D. K. Kamra, Member (I), AERA** thanked all the stakeholders, on behalf of the Authority for attending the meeting and providing their valuable feedback. He mentioned that AAI team must have noted the issues raised by the stakeholders and advised AAI that in the forthcoming Stakeholder meeting they should incorporate ASQ survey ratings, service level parameters, and other relevant data to provide a required information in a comprehensive manner for better understanding of all the stakeholders. Also, in Stakeholders' Consultation Meeting of AAI major airports, representative from Planning & Engg. Directorates may give an overview of Capital Expenditure/overall Master Plan and other issues needed to be included in future such meetings.

He also informed that the Authority has noted various issues raised here, including capping of R&M Expenses etc. and requested all the Stakeholders to provide their comments/ feedback in writing with justifications/basis thereof. As regard to the points raised by Mr. G.S Bawa on airport service quality & performance standards, Member informed that the Authority is already working on the issue.



Shri Kamra requested AAI to revise the methodology for the apportionment of CHQ/RHQ costs to airports as the same is not as per the AERA's mandate, as outlined in the consultation paper for Coimbatore International Airport. He also requested AAI to submit the report on study commissioned by AAI for the allocation of CHQ/RHQ Costs to AAI airports.


13. **Shri S.K.G. Rahate, Chairperson, AERA** thanked and appreciated all the stakeholders for attending the Consultation meeting. Chairperson mentioned that all points raised by AAI and other Stakeholders during the meeting have been noted.

Chairperson also mentioned that AAI has not highlighted important points such as fuel farm facility/infrastructure, service levels and performance standards etc. in their presentation. In this regard, Chairperson indicated that the Authority, in future, will try to develop a model template for presentation to be used by the Airport Operators during the Stakeholders' Consultation Meeting, which will capture the mandatory aspects of airport's key information etc. in the presentations. In response to the query of ATA representative on the service quality levels and performance benchmarks, he mentioned that AERA is actively working on establishing performance standards.

Chairperson, added that once the performance standards are finalised and notified by MoCA, AERA will simultaneously devise a mechanism to monitor it to ensure that it is complied with by the airports. Further, it will be required to be measured at each individual major airport and ultimately reviewed periodically.

Chairperson further assured that the views of all stakeholders will be given due consideration on merit. He then concluded the meeting by thanking all the stakeholders and requesting them to give their written comments by the stipulated date i.e. 21st August 2024, so that further necessary action can be taken in a timely manner. He also requested for increased participation by all the Stakeholders in future stakeholders' consultation meetings.

Meeting concluded with a vote of thanks.


(Ram Krishan)
Director (P&S)

Annexure – I

List of Participants:

Airports Economic Regulatory Authority of India

1. Mr. S. K. G. Rahate, Chairperson
2. Mr. D. K. Kamra, Member (I)
3. Ms. V. Vidya, Member (II)
4. Mr. Ram Krishan, Director (P&S)
5. Mr. Rajan Gupta, DGM (Fin) - Tariff
6. Mr. Satish Kumar, DGM (Fin) - Tariff
7. Mr. Inderpal Singh, Under Secretary (P&S)
8. Mr. Trilok Chand, Manager (Tariff)

Airport Operators:

Airports Authority of India (AAI)

1. Mr. L Kuppulingam, ED (JVC)
2. Mr. R Prabhakar, GM (Finance)
3. Mr. Rakesh Dembla, DGM (Finance)
4. Mr. Amalesh Karmakar, AGM (Finance) – Tariff
5. Mr. Kishore Jha, Manager (Finance)
6. Mr. Ravi Kanojia, Manager (Finance)
7. Ms. Vartika Gupta, Sr. Manager (Finance)

Noida International Airport (NIA)

1. Mr. Paritosh Kumar, Regulatory Head

Adani Group

1. Mr. Ravikant Bhatia, DGM Corporate Affairs

Airlines & Associations:

SpiceJet Airlines

1. Ms. Poonam Yadav, Sr. Manager - Ground Services

Indigo Airlines

1. Mr. Rajan Malhotra
2. Mr. Lakshya Bhagnari

Air India

1. Mr. Rohit Kumar

Federation of Indian Airlines (FIA)

1. Mr. Ujjwal Dey, Associate Director

Akasa Air

1. Mr. Tauheed Mohammad, DGM - Regulatory Affairs
2. Mr. Ajay Jain, Manager - Finance

Cargo:**AAI Cargo Logistics & Allied Services Company Limited (AAICLAS)**

1. Mr. Amit Kumar, Manager-Finance
2. Mr. Aditya Chawla, Consultant

Ground Handling:**AI Airport Services Limited (AIASL)**

1. Mr. Amit Mishra, AGM - GH

Bird Worldwide Flight Services (I) Private Limited

1. Ms. Pooja Singh, Manager – Regulatory
2. Ms. Kajal Gupta

Oil Companies:**Hindustan Petroleum Corporation Limited (HPCL)**

1. Mr. Shaik Althaf, Chief Manager – Aviation

Indian Oil Skytanking Limited (IOSL)

1. Mr. Sanjeev Negi, Sr. Manager
2. Mr. Ujjwal, Manager

Other Industry Bodies:**International Air Transport Association (IATA)**

1. Mr. Ujjwal Bakshi, Industry Affairs Manager



Air Traveller's Association (ATA)

1. Mr. GS Bawa, Secretary General

FICCI

1. Mr. Manoj Mehta, Pr..Director

Other Individuals

1. Mr. Sanjiv Jindal Ex ED-AAI

Representative from PKF Sridhar & Santhanam, LLP (AERA Consultant)

1. Mr. Rahul Teckchandani

