

फा. सं. ऐरा/20010/एमवाईटीपी/ एआईसैट्स/जीएच/टीवीएम /सीपी-III/2021-26/

File No. AERA/20010/MYTP/AISATS/GH/TVM/CP-III/2021-26

आदेश संख्या 31/2022-23

Order No. 31/2022-23



भारतीय विमानपत्तन आर्थिक विनियामक प्राधिकरण
Airports Economic Regulatory Authority of India

एयर इंडिया सैट्स एयरपोर्ट सर्विसेज प्राइवेट लिमिटेड (एआईसैट्स) के लिए
तिरुवनंतपुरम अंतरराष्ट्रीय हवाईअड्डा, तिरुवनंतपुरम में ग्राउंड हैंडलिंग सेवाओं
के लिए तृतीय नियंत्रण अवधि (वित्त वर्ष 2021-22 से वित्त वर्ष 2025-26)
के लिए टैरिफ निर्धारित करने के मामले में/

IN THE MATTER OF
DETERMINATION OF TARIFF FOR GROUND HANDLING SERVICES FOR
AIR INDIA SATS AIRPORT SERVICES PRIVATE LIMITED (AISATS) AT
THIRUVANANTHAPURAM INTERNATIONAL AIRPORT, THIRUVANANTHAPURAM
FOR THE THIRD CONTROL PERIOD
(FY 2021-22 TO FY 2025-26)

जारी करने की तारीख: 2 दिसम्बर, 2022

Date of Issue: 2ND DECEMBER, 2022

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



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List of Abbreviations:

AERA / Authority	Airports Economic Regulatory Authority of India
AISATS	Air India SATS Airport Services Private Limited
ATM	Air Traffic Movement
ATP	Annual Tariff Proposal
CAPEX	Capital Expenditure
COD	Commercial Operation Date
CGF	Cargo, Ground Handling & Fuel Throughput
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
INR / ₹	Indian Rupees
ISP	Independent Service Provider
Lol	Letter of Intent
MYTP	Multi-Year Tariff Proposal
OPEX	Operating Expenditure
O&M	Operation and Maintenance
PAT	Profit After Tax
P&L	Profit & Loss
SGHA	Standard Ground Handling Agreement
TIAL	TRV (Kerala) International Airport Limited
YoY	Year on Year



CHAPTER 1: INTRODUCTION

- 1.1. M/s. Air India SATS Airport Services Private Limited (AISATS) is a company incorporated in India on 20th April, 2010 with a mandate to provide ground support services at various Airports including Thiruvananthapuram Airport. AISATS provides ground handling services at the Bengaluru, Hyderabad, Delhi and Mangaluru (Karnataka) airports and cargo handling services at the Bengaluru airport. It serves over 40 international and five Indian airline customers, including Air India, Emirates, Malaysia Airlines, Singapore Airlines, Air Vistara and Thai Airways.
- 1.2. The shareholding structure of the AISATS is tabulated as below:

Table-1: Summary of Shareholding Structure of AISATS:

Name of Shareholder	Equity Holding (%)
M/s Air India Limited	50.00
M/s Singapore Airport Terminal Services Limited	50.00
Total	100.00

- 1.3. AISATS was granted a non-exclusive License by TRV (Kerala) International Airport Limited (TIAL) vide letter dated 2.11.2021 for provision of Ground Handling Services at the Thiruvananthapuram International Airport from COD till 31.03.2022. AISATS' aforesaid license was provisionally extended for further period of three months i.e. up to 30.06.2022 by TIAL vide their letter dated 31.03.2022.
- 1.4. Now, AISATS, vide email dated 18.11.2022 forwarded a copy of concession agreement executed between the ISP and the Airport Operator (TIAL) on 1st Nov. 2022. The above concession is valid for a period of seven years, commencing from the "effective date" i.e. 27.01.2022.
- 1.5. Bureau of Civil Aviation Security has granted security clearance to AISATS on 15.01.2021, which shall be valid for a period of five years from the date of issue of security clearance or the period of validity of contract with the Airport Operator, whichever is earlier.
- 1.6. As per the provisions of the AERA (CGF) Guidelines 2011, AISATS had submitted the Multi-Year Tariff Proposal ('MYTP') on 25.11.2021 for determination of Tariff for providing Ground Handling Services at Thiruvananthapuram International Airport for the Third Control Period (FY 2021-22 to FY 2025-26).
- 1.7. After initial scrutiny of the MYTP/ ATP submissions of AISATS, various discrepancies/errors, were observed, over which clarifications were sought from AISATS from time to time. After regular follow-up and several meetings/ discussions, AISATS has submitted the revised MYTP/ ATP for the Third Control Period on 10.03.2022.
- 1.8. AISATS has conducted the Stakeholder's Consultation Meeting and submitted a copy of the 'Minutes of Meeting' vide email dated 10.06.2022. During the Stakeholder Consultation Meeting, representatives from Maldivian Airlines, Emirates, Sri Lankan Airlines, Oman Air, Fly Dubai, SpiceJet, Qatar Airways etc., participated. As per the 'Minutes', none of the participants raised any

issue on ATP during the meeting.

- 1.9. The Authority, carefully examined the MYTP for the Third Control Period submitted by the AISATS in respect of Ground Handling Services being provided at Thiruvananthapuram International Airport and issued its Consultation Paper (CP) No. 01/2022-23 dated 21.04.2022, inviting suggestions/comments from the Stakeholders on the various proposals of the Authority with the following timelines:
- *Date of Issue of the Consultation Paper: 21st April, 2022.*
 - *Date for submission of written comments by Stakeholders: 11th May, 2022.*
 - *Date for submission of counter comments: 19th May, 2022.*
- 1.10. The Authority received comments from M/s SpiceJet Ltd. & Business Aircraft Operators Association (BAOA) on the various proposals of the Authority contained in the Consultation Paper No. 01/2022-23 and the same were uploaded on the AERA's website vide Public Notice no. 03/2022-23 dated 12.05.2022.
- 1.11. The Authority, in response to Public Notice no. 03/2022-23 dated 12.05.2022, received counter comments from AISATS on 19.05.2022.
- 1.12. The Authority, after examining the comments of M/s SpiceJet Limited, BAOA & counter comments of AISATS and after considering all the relevant aspects of the case has finalized this Tariff Order.



CHAPTER 2: PRINCIPLES FOR DETERMINATION OF AERONAUTICAL TARIFF

2.1. The Authority vide its Order No. 12/2010-11 dated 10.01.2011 and Direction No. 04/2010-11 issued on 10.01.2011 finalized its approach in the matter of Regulatory Philosophy and Approach in Economic Regulation of the Services provided for Cargo Facility, Ground Handling and Supply of Fuel to the Aircraft at the Major Airports. Accordingly, the Authority issued the Airports Economic Regulatory Authority of India (Terms and Conditions for Determination of Tariff for Services provided for Cargo Facility, Ground Handling and Supply of Fuel to the Aircraft) Guidelines, 2011 (“the CGF Guidelines”).

2.2. MATERIALITY ASSESSMENT:

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

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

$$\begin{aligned} \text{The Materiality Index for Thiruvananthapuram Airport} &= 14812/431853 \\ &= 3.43\% \end{aligned}$$

The percentage share of Thiruvananthapuram International Airport for FY 2019-20 in respect of the International Aircraft Movements is 3.43%, which is less than 5% Materiality Index (MI_G) for the subject service. Hence, the Regulated Service is deemed to be ‘Not Material’ for the Third Control Period.

2.3. The Authority notes that as of now, apart from AISATS, there is no other Ground Handling Service provider at Thiruvananthapuram International Airport.

2.4. AISATS had submitted copies of Standard Ground Handling Agreements with Gulf Air, Saudi Arabian Airlines and Qatar Airways.

Stakeholders’ Comments

2.5. BAOA’s Comment on the compliance of Ground Handling Policy:

BAOA submitted the following comments relating to compliance of ground handling policy:

“Having an additional GH agency alongside AISATS, is not going to meet the requirements of the existing GH policy of MOCA (para 3 (4) & (5)) and fair competition. Therefore, at least one more GH agency has to be available to provide these aeronautical services.”

2.6. AISATS counter Comments/ response on policy related issue for the Third Control Period:

AISATS submitted the following counter comment in response to comments of BAOA:

“Kindly note that this is a policy related matter and directed towards the Airport Operator and hence AISATS will not be in a position to comment on this matter.”

Authority’s Analysis on Stakeholders Comments on principles for determination of Tariff for regulated services:

2.7. The Authority notes the comments of BAOA related to NCAP, 2016 regarding fair competition among the Ground Handling Agencies and notes that as per the Ministry of Civil Aviation (Ground



Handling Services) Regulations, 2017 notified on 15.12.2017, at all airports having annual passenger throughput of less than 10 million passengers per annum, based on the traffic throughput and airside and terminal building capacity, the airport operator to decide on the number of ground handling agencies, not exceeding three.

In the instant case, as per AAI Traffic Data, Thiruvananthapuram International Airport had annual passenger throughput of 3.9 million during FY 2019-20 (Pre-Covid Year); therefore, as per MoCA (Ground Handling Services) Regulations, 2017 referred above, the number of ground handling agencies at Thiruvananthapuram airport to be decided by the airport operator. Hence, stakeholder may take up this matter with the airport operator.

- 2.8. Further, as the Ground Handling Services provided by the ISP at Thiruvananthapuram Airport is deemed to be 'Not Material' (refer para 2.2). Accordingly, the Tariff for AISATS for the Third Control Period has been determined under "**Light Touch Approach**".

Authority's Decision regarding Methodology of Tariff Determination of AISATS:

- 2.9. Based on the material before it and its analysis, the Authority decides to consider the Tariff determination exercise of AISATS for providing Ground Handling Services at Thiruvananthapuram International Airport under the "**Light Touch Approach**" for the Third Control Period, as the regulated service is deemed to be '**Not Material**'.



CHAPTER 3: TRAFFIC VOLUME (FLIGHTS TO BE HANDLED)

AISATS' Submission on Projected Traffic (Flights to be Handled) for the Third Control Period as a part of MYTP

- 3.1. Actual Air Traffic (nos. of landings) handled by Thiruvananthapuram Airport and percentage of flights handled by AISATS (out of total number of landings) during FY 2019-20 (pre-Covid year) and FY 2020-21 are given below:

Table 2: Air Traffic handled at Thiruvananthapuram Airport and number of flights handled by AISATS during FY 2019-20 & FY 2020-21

Year	Total number of landings			Actual number of landings (flights) handled by AISATS			Percentage (%) of Flights handled by AISATS		
	Domestic	Inter-national	Total	Domestic	Inter-national	Total	Domestic	Inter-national	Total
2019-20	7,015	7,406	14,421	2,417	5,325	7,742	34%	72%	54%
2020-21	2,556	2,101	4,657	757	1,990	2,747	30%	95%	59%

- 3.2. Projected Traffic (flights to be handled) for the Third Control Period (FY 2021-22 to FY 2025-26) submitted by AISATS is given below in Table 3.

Table 3: Projected Traffic (Flights to be handled) submitted by AISATS for the Third Control Period

Year	Flights to be handled for the Third Control Period		Total (no. of Landings)	As a % of actual Flights handled by AISATS during FY 2019-20		
	Domestic (no. of Landings)	International (no. of Landings)		Domestic	International	Total
2019-20	2,417	5,325	7,742	-	-	-
2021-22	1,250	3,600	4,850	52%	68%	63%
2022-23	1,750	4,680	6,430	72%	88%	83%
2023-24	1,926	5,148	7,074	80%	97%	91%
2024-25	2,118	5,663	7,781	88%	106%	101%
2025-26	2,330	6,229	8,559	96%	117%	111%
TOTAL (FY 2021-22 to 2025-26)	9,374	25,320	34,694			

Authority's Examination regarding Traffic (Flights to be handled) for the Third Control Period at Consultation Stage:

- 3.3. The Authority noted that out of total landings at Thiruvananthapuram Airport, AISATS handled 34% Domestic flights, 72% International flights and overall, 54% flights during FY 2019-20. The ISP handled 30% Domestic flights, 95% International flights and a total of 59% flights during FY 2020-21. The ground handling of rest of the flights during FY 2019-20 & FY 2020-21 were done by the concerned Airlines themselves.
- 3.4. The Authority noted that AISATS is the only Ground Handling Service Provider at Thiruvananthapuram International Airport. However, Airport Operator TRV (Kerala) International Airport Limited (TIAL) had issued a letter of award dated 30th March, 2022 in favour of GSEC Bird Airport Services Private Limited for provision of ground handling services at Thiruvananthapuram

International Airport and new Service Provider expected to start operations shortly.

On enquiry regarding entry of second ground handling agency at Thiruvananthapuram Airport, the AISATS vide email dated 13th April, 2022 confirmed that Traffic projected (Flights to be handled) for the Third Control Period had already factored-in likely increase in market competition following the entry of second player.

- 3.5. The Authority observes that COVID-19 had severely impacted the business in Civil Aviation Sector, including Ground Handling Service Providers. However, the Authority noted that after decline in Covid cases, the Aircraft Traffic started improving.
- 3.6. The Authority noted that the total Air Traffic (Domestic and International) during April, 2021 to February, 2022 for the Thiruvananthapuram International Airport had reached nearly 51% of the corresponding pre-Covid period of FY 2019-20.
- 3.7. The Authority observed that the increase in Air Traffic (flights to be handled) for the Third Control Period proposed by AISATS considering gradual recovery from Covid-19 pandemic. As per AISATS projection, Air Traffic (flights to be handled) likely to exceed pre-Covid levels (FY 2019-20) in FY 2024-25.
- 3.8. The Authority, mindful of the adverse impact of pandemic situation on Civil Aviation Sector and considering other relevant aspects, proposed to consider Traffic projections (flights to be handled) as submitted by AISATS for the Third Control Period as per Table 3 above.

Stakeholders' Comments

- 3.9. During the stakeholder consultation process, the Authority received no comments/ views from stakeholders in respect of Traffic Volume (flights to be handled) for the Third Control Period.

3.10. Authority's Analysis regarding Traffic Volume for the Third Control Period:

The Authority, mindful of the adverse impact of pandemic situation on Civil Aviation, including Ground Handling Agencies and considering the recovery in Air Traffic after improvement in pandemic situation post 3rd wave of Covid-19 & taking into account increase in market competition due to entry of second Ground Handling Service Provider, the Traffic Volume projected by the AISATS for the Third Control Period seems reasonable. Accordingly, the Authority decides to maintain the same view on Traffic projections as taken at Consultation Stage.

3.11. Authority's Decision regarding Traffic Volume for the Third Control Period:

Based on the material before it and its analysis, the Authority decides to consider the Traffic Volume (Flights to be handled) by AISATS for the Third Control Period as per Table 3.



CHAPTER 4: CAPITAL EXPENDITURE

AISATS's Submission on Capital Expenditure for the Third Control Period as a part of MYTP

- 4.1. As per the revised MYTP, AISATS has projected a total Capital Expenditure (CAPEX) of ₹ 918 lakhs for the procurement of various assets during the Third Control Period (FY 2021-22 to FY 2025-26). The year-wise and asset-wise CAPEX projected by AISATS is given as below:

Table 4: Projected Capital Expenditure submitted by AISATS for the Third Control Period

Particulars	(₹ in Lakhs)					Total
	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	
Toilet Cart	-	-	75.00 (Qty 3)	-	75.00 (Qty 3)	150.00
Computer Peripherals & Software	10.00 (Qty 20)	5.00 (Qty 10)	20.00 (Qty 40)	20.00 (Qty 40)	20.00 (Qty 40)	75.00
Electric / Diesel Baggage Tractors	-	60.00 (Qty 3)	-	60.00 (Qty 3)	-	120.00
Pallet Dolley	-	48.00 (Qty 30)	-	48.00 (Qty 30)	-	96.00
Air Starter Unit	-	-	142.50 (Qty 1)	-	142.50 (Qty 1)	285.00
Baggage Trolleys Big (covered)	-	36.00 (Qty 30)	-	36.00 (Qty 30)	-	72.00
Furniture & Fixture	-	40.00	20.00	40.00	20.00	120.00
Total	10.00	189.00	257.50	204.00	257.50	918.00

Authority's Examination regarding CAPEX for the Third Control Period at Consultation Stage:

- 4.2. The Authority noted that for FY 2021-22, AISATS proposed a CAPEX of ₹ 10 Lakhs and had projected major portion of their CAPEX during last three Tariff years of the Control Period. AISATS, on query related to projected CAPEX for FY 2021-22, informed that they had incurred a CAPEX of ₹ 9.50 lakhs during FY 2021-22.
- 4.3. The Authority felt that the projected low level of CAPEX in first year of the Control Period is appropriate, as the FY 2021-22 was adversely affected by Covid pandemic and had low Traffic Volume (63% of pre-Covid level in FY 2019-20).
- 4.4. The AISATS, in its submission stated that the capital expenditure projected for the Control Period is towards replacement of Assets taken on lease.
- 4.5. The Authority, based on its examination, observed that AISATS had proposed only necessary CAPEX for the assets which are essential for the smooth conduct of business operations. The Authority, therefore, proposed to consider the CAPEX for the Third Control Period as per Table 4 above.

4.6. Stakeholders' Comments

M/s SpiceJet's Comments on Deferment of Capital Expenditure for the Third Control Period:

M/s SpiceJet submitted the following comments on the Capital Expenditure proposed for the Third Control Period:

- 4.6.1. "As projected by IATA and CAPA it will take around two (2) - three (3) years for the flight

operations to reach to its pre COVID-19 peak levels. In this situation, in order to support the airlines to continue and sustain its operations, all non-essential CAPEX proposed by AISATS should be put on hold/deferred to the Fourth Control Period, unless deemed critical from a safety or security compliance perspective.

4.6.2. Without prejudice to the above, in case AISATS wants to make capital expenditure, then it should be at no additional expense to the airlines until the project is completed and put to use.

4.6.3. In addition, we recommend that an adjustment of 1% or higher, as deemed fit, is made by AERA for capital expenditure projects of the Third Control Period that are not completed/ capitalized as per the approved capitalization schedule other than those affected solely by the adverse impact of COVID-19. Such adjustments can be made by AERA during the tariff determination for the Fourth Control Period.”

4.7. **AISATS counter Comments on deferment of Capital Expenditure for the Third Control Period:**

AISATS submitted the following counter comments in response to comments of M/s SpiceJet:

“M/s SpiceJet Ltd. has raised its concern towards procurement of CAPEX by AISATS and its subsequent impact on the tariff approval by AERA. In this connection, we would humbly submit that the procurement of CAPEX is towards replacement of leased assets. The company is badly affected by the pandemic and the management is sensitive about the measures of cost control. As is evidenced from the projection, that the company would be earning PAT below 1% margin for first 3 tariff years. The profits earned during the MYTP for 5 years is not sufficient enough to absorb the losses of FY 2020-21. The CAPEX procurement is towards serving normal business operations and thus does not lead towards increase in the costs. The CAPEX expenditure will not lead to reducing the profit, but the portion of depreciation will lead to reduction in profit which will be offset by saving in costs of leasing assets.”

4.8. **Authority’s Analysis on the Stakeholders’ comments regarding Capital Expenditure for the Third Control Period:**

The Authority notes the comments of M/s SpiceJet and AISATS’s response thereon. The Authority notes that AISATS has projected a total Capital Expenditure of ₹ 918.00 lakhs out of which AISATS had incurred ₹ 9.50 lakhs of CAPEX during the first Tariff year of the Third Control Period.

The Authority notes that the major portion of proposed CAPEX is towards replacement of leased assets such as Ground Handling Equipment etc., which are essential for smooth operations and better passenger facilitation. The Authority feels that the procurement of new Equipment will lead to cost savings on account of Interest and finance charges (which otherwise is payable under lease financing of assets). Further, new equipment is expected to result in lower R&M Costs, as the equipment will be under warranty during the initial years. Considering the above, the Authority feels that CAPEX proposed by AISATS for the Third Control Period seems reasonable.

Authority’s Decisions regarding CAPEX for the Third Control Period:

4.9. Based on the material before it and its analysis, the Authority decides to consider the CAPEX for the Third Control Period as per Table-4.



CHAPTER 5: OPERATING EXPENDITURE AND PROFITABILITY

AISATS's submission on Operating Expenditure for the Third Control Period as a part of MYTP

- 5.1. As provided in Clause 9.4 of the Guidelines mentioned in Direction No. 04/ 2010-11, 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 Expenditure submitted by AISATS has been segregated into the following categories:
- Payroll Costs;
 - Admin and General Expenses;
 - Concession Fees;
 - Repair and Maintenance.
- 5.3. As per the MYTP submission, Revenue, Operating Expenditures (OPEX) and Profitability projected by AISATS for the Third Control Period (FY 2021-22 to FY 2025-26) is as under:

Table 5: Revenue, Operating Expenditure and Profitability projected by AISATS for the Third Control Period

Particulars	(₹ in lakhs)						
	FY 2020-21 (Actual)	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total (FY 21-22 to 25-26)
Revenue							
i. Revenues from Regulated Services	1740.02	3,050.00	3,200.00	3,392.00	3,561.60	3,739.68	16,943.28
ii. Revenues from other than Regulated Services	109.89	113.19	116.58	120.08	123.68	127.39	600.93
Total Revenue (i + ii) = (A)	1849.91	3,163.19	3,316.58	3,512.08	3,685.28	3,867.07	17,544.21
Operating Expenditure							
i. Payroll Cost	1898.42	1,723.81	1,810.00	1,918.60	1,995.35	2,065.18	9,512.95
ii. Administrative and General Expenses	508.22	410.16	417.08	424.32	431.87	439.76	2,123.20
iii. Concession Fees	308.38	610.00	640.00	685.00	725.45	765.49	3,425.94
iv. Repairs and Maintenance cost	30.99	31.93	32.88	33.87	34.89	35.93	169.50
Total OPEX (i + ii + iii + iv) = (B)	2746.01	2,775.90	2,899.97	3,061.79	3,187.56	3,306.37	15,231.59
Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) (A-B)	(896.10)	387.29	416.61	450.29	497.73	560.71	2,312.62
Depreciation and Amortization	355.54	356.19	381.84	411.25	449.92	496.32	2,095.53
Earnings before Interest and Taxation (EBIT)	(1251.63)	31.09	34.78	39.04	47.81	64.38	217.09
Total interest and Financing Charges	6.80	6.26	6.88	6.61	6.34	6.09	32.18
Profit Before Tax	(1258.43)	24.84	27.89	32.43	41.46	58.29	184.92
Provision for Taxation*	-	-	-	-	-	-	-
Profit After Taxation	(1258.43)	24.84	27.89	32.43	41.46	58.29	184.92
Profit Margin (PAT to Total Revenue)	-68.03%	0.79%	0.84%	0.92%	1.13%	1.51%	1.05%

*Nil Tax Liability due to accumulated loss of FY 2020-21

Authority's Examination regarding Operating Expenditure for the Third Control Period at Consultation stage:

5.4. The Authority has examined the Operating Expenditure provided in Form F3 (P&L) of the MYTP for the Third Control Period and observed following % increase & CAGR as per Table-6 below:

Table 6: Percentage (%) increase in the Operation & Maintenance Expenditure projected by the AISATS for the Third Control Period

Particulars	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	CAGR of 5 Years
Payroll cost	5%	6%	4%	3%	5%
Administrative and General Expenditure	2%	2%	2%	2%	2%
Concession Fees	5%	7%	6%	6%	6%
Repair and Maintenance cost	3%	3%	3%	3%	3%

5.5. The Authority noted that as per the AISATS projections for the Third Control Period in respect of Traffic Volume, CAPEX, Revenue and OPEX, the ISP is likely to earn profit during the Control Period as indicated in profitability statement as per Table-5.

5.6. The Authority, based on its examination, proposed to consider the OPEX for the Third Control Period as per Table-5.

Stakeholders' Comments

5.7. M/s SpiceJet's Comments on Operating Expenditure for the Third Control Period:

M/s SpiceJet submitted the following comments on the Operating Expenditure proposed for the Third Control Period:

5.7.1. "Operating Expenditure (Refer 5.2 & 5.3, and Table 5 and 6 of the CP):

It may be noted that cost incurred by the service provider impacts the airlines, as almost all such cost is passed through or borne by the airlines. Further, in view of industry reports from IATA and CAPA, which foresee a minimum period of two (2) - three (3) years for air traffic and flight operations to reach pre COVID-19 levels.

With respect to the O&M expenses approved by AERA, we hereby request AERA to kindly clarify on the below points: -

a) *Depreciation and Amortization (Refer 1.3, 5.3, Table 5):*

As per the Consultation Paper AISATS has got non-exclusive license for providing Ground Handling services at Thiruvananthapuram International Airport (TIAL) as per the letter dated 2 November 2021 till 31.03.2022 and for a further period of 36 months. Up to 30.06.2022 as per TIAL's letter dated 31.03.2022.

However, Table 4 indicates that there was a Capital Expenditure projected for ₹ 10 Lakhs for the first tariff year (FY 2021-22) but also at the same time in table 5 a Depreciation and Amortization of ₹ 355.54 Lakhs is noted, which is unusual. May we request AERA to kindly clarify/confirm whether this ₹ 355.54 lakhs is taken against the assets held in individually by

M/s Air India Limited and M/s SATS Limited for the previous year, as per Form F3 & F9 attached to the CP. May we request AERA to kindly clarify/confirm further that this is in accordance with AERA Order No. 35/2017- the 'Useful Life of Airport Assets' for depreciation, as the rates of depreciation have not been mentioned.

- b) *Payroll, Administrative & General Expenditure, Concession Fees and Repair & Maintenance Cost (Refer 5.5, 5.6 and 5.8 and Table 6):-*

As it is projected as per Table 3 of the Consultation paper that the Traffic is likely to recover to the pre-pandemic level of 2019-20 only by sometime around 2024-25, may we request AERA's clarification on the 98% jump on the concession fee (From ₹ 3,08,38,130 in the FY 20-21 to ₹ 6,10,00,000 in the FY 21-22) and an increase up to 148% on comparing - ₹ 3,08,38,130 in the FY 20-21 to ₹ 7,65,49,050 on the FY 2025-26. It is requested that AERA may kindly look into the reasonableness of this.

It is unclear as to whether AISATS has taken cost cutting measures including renegotiations of all the cost items on its profit and loss account. We submit that AERA may kindly freeze any increase in operational expenditure after the Tariff Year 1, and there should not be any increase in any expense or manpower.

5.7.2. Abolishment of Royalty Charges: (Refer 5.7 of the CP):

Any attempt to award the contracts by the airport operator on highest revenue share basis should be discouraged as it breeds inefficiencies and tends to disproportionately increase the cost.

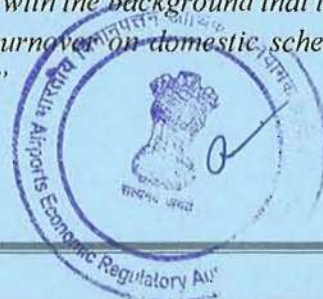
It is general perception service providers has no incentive to reduce its expenses as any such increase will be passed on to the airlines through tariff determination mechanism process and indirectly airlines will be forced to bear these additional costs. There needs to be a mechanism for incentivizing the parties for increasing efficiencies and cost savings and not for increasing the royalty for the Airport Operator.

As you are aware, royalty is in the nature of market access fee, charged (by any name or description) by the Airport Operator under various headings without any underlying services. These charges are mostly passed on to the airlines by the airport operator or other services providers.

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. Sometimes it is argued by the airport operators that 'Royalty' on 'Aero Revenues' helps in subsidizing the aero charges for the airlines, however royalty in 'Non-Aero Revenues' hits the airlines directly without any benefit.

In view of the above, we urge AERA to abolish such royalty which may be included in any of the cost items.

Notwithstanding the above, it is unclear what is the percentage of the Gross Revenue that AISATS has to share with the Airport Operator, as per their Concession Agreement. AERA is requested to please clarify on the same, especially with the background that the revenue share of AAI at major airports of Group A & B is 3% on turnover on domestic scheduled airlines and that at minor airports Group C is 5% on turnover."



5.8. BAOA Comments on Concession fees for the Third Control Period:

BAOA submitted the following comments on the Operating Expenditure proposed for the Third Control Period:

"Since FROR for most public airports is being allowed at an average of about 15%, 'authority' is, therefore, requested not to permit any additional 'royalty' on GH charges, being an aeronautical service at public airports."

5.9. AISATS response on M/s SpiceJet comments regarding Operating Expenditure for the Third Control Period:

AISATS submitted the following counter comment in response to comments of M/s SpiceJet:

5.9.1. *"M/s SpiceJet Ltd. raised its concern that the company has charged depreciation of ₹ 355.54 lakhs in the first tariff year as per Table 5 even though the Capital Expenditure is ₹ 10 lakhs in the same year as per Table 4. We would like to bring it to your notice that the audited Written Down Value of CAPEX as on 31st March, 2021 is ₹ 1917.56 lakhs. Even though Capital Expenditure of ₹ 10 lakhs is incurred by the company for the First Tariff Year i.e. FY 2021-22, the depreciation is bound to be charged as per accounting principles and in accordance with AERA Order No. 35/ 2017-18 on the opening written down value. Thus, the depreciation is calculated at ₹ 355.54 lakhs for the First Tariff Year i.e. FY 2021-22, as is evidenced from Table-5 of the Consultation Paper.*

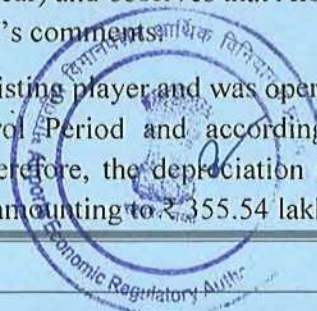
5.9.2. *M/s SpiceJet has raised its concern over the percentage increase in projection of the concession fees as per Table 5 of Consultation Paper. They have highlighted that the expense of concession fees has increased from ₹ 3.08 crores in FY 2020-21 to ₹ 6.10 crores in FY 2021-22 i.e. 98% increase and an increase up to ₹ 7.65 crores up to FY 2025-26 i.e. 148%. In this connection, we wish to bring it to your notice that the concession fees expenses accrues and arises based upon the contract and agreement of AISATS with the airport operator of Trivandrum. The concession fees is derived as a percentage of revenue from operation. The Revenue from Operation has increased from ₹ 17.40 crores in FY 2020-21 to ₹ 30.50 crores in FY 2021-22 i.e. 75% increase and up to ₹ 37.39 crores in FY 2025-26 i.e. 115%. Thus, concession fees is proportionately increasing with increase in revenue from operations.*

5.9.3. *Kindly note that this is a policy related matter which needs discussion at the Ministry level. This is a contractual matter between Airport Operator and concessionaire which is prevalent at all airports and is beyond the ambit of regulatory authority. Reference to the current concession agreement, the concession fee percentages with the relevant documents have been shared with AERA."*

5.10. Authority's Analysis regarding Stakeholders' comments on the Operating Expenditure for the Third Control Period:

5.10.1. The Authority notes the comment of M/s SpiceJet on projected increase in Operating Expenditure (depreciation projected for first Tariff year) and observes that AISATS has adequately responded (refer para 5.9.1 above) to M/s SpiceJet's comments.

The Authority notes that AISATS is existing player and was operating at the Airport even before the commencement of current Control Period and accordingly has an Opening RAB of ₹1917.56 lakhs (for FY 2021-22). Therefore, the depreciation charged on Opening RAB and Additions to RAB during FY 2021-22 amounting to ₹ 355.54 lakhs is in order.



- 5.10.2. In respect of comments of M/s. SpiceJet, BAOA and response of AISATS thereon regarding Royalty Charges/ Concession Fee payable by the ISP to the Airport Operator. The Authority notes that the Concession Fee paid by the ISP to the Airport Operator as per the Concession Agreement executed between the Service Provider and the Airport Operator. As per the regulatory approach, the royalty paid by the ISPs are treated as aeronautical revenues in the hands of Airport Operators; hence, such revenues directly help in subsidizing the aeronautical Tariff, levied by Airport Operators to the Airlines. Further, the Authority considers that bidding process, based on which the Royalty Charges/ Concession Fee is levied on to the ISPs as a non-regulatory issue. Such matters may be dealt among the Stakeholders at appropriate forums.
- 5.10.3. As regard to comments of M/s SpiceJet's and BAOA seeking details of percentage of Revenue shared by ISP with the Airport Operators, the Authority notes that as per the Concession agreement dated 01.11.2022, executed between the Airport Operator and AISATS, the ISP is required to share 45% of its Gross Revenue with the Airport Operator as License Fee.

Authority's decision regarding Operation and Maintenance Expenses for the Third Control Period:

- 5.11. Based on the material before it and its analysis, the Authority decides to consider OPEX for the Third Control Period as per Table-5.



CHAPTER 6: ANNUAL TARIFF PROPOSAL

AISATS Submissions on Annual Tariff Proposal for the Third Control Period as a part of MYTP

6.1 AISATS has submitted a Tariff proposal for Ground Handling Services in respect of Scheduled Operations at Thiruvananthapuram International Airport for the Third Control Period (FY 2021-22 to FY 2025-26) as given in the table below:

Table 7: Proposed Tariff Rates for Scheduled Flights submitted by AISATS for the Third Control Period

(Rates in ₹)

Sr. No.	Aircraft Types (ICAO Code)	Maximum Rates for Tariff Year FY 2021-22							
		Scheduled Aircraft							
		Passenger						Freighter	
		Domestic Flight			International Flight			Domestic Flight	International Flight
		Passenger	Ramp	Comprehensive	Passenger	Ramp	Comprehensive		
1	CODE B	7,235	13,436	20,670	37,378	69,417	106,795	NA	NA
2	CODE C	11,298	20,983	32,281	62,478	116,031	178,509	141,787	189,155
3	CODE D	22,217	41,260	63,477	85,463	158,716	244,179	193,685	453,510
4	CODE E	38,182	70,909	109,091	139,554	259,171	398,725	228,135	453,510

Sr. No.	Aircraft Types (ICAO Code)	Maximum Rates for Tariff Year FY 2022-23							
		Scheduled Aircraft							
		Passenger						Freighter	
		Domestic Flight			International Flight			Domestic Flight	International Flight
		Passenger	Ramp	Comprehensive	Passenger	Ramp	Comprehensive		
1	CODE B	7,596	14,108	21,704	39,247	72,888	112,135	NA	NA
2	CODE C	11,863	22,032	33,895	65,602	121,832	187,434	148,876	198,613
3	CODE D	23,328	43,323	66,651	89,736	166,652	256,388	203,369	476,186
4	CODE E	40,091	74,455	114,546	146,531	272,130	418,661	239,542	476,186

Sr. No.	Aircraft Types (ICAO Code)	Maximum Rates for Tariff Year FY 2023-24							
		Scheduled Aircraft							
		Passenger						Freighter	
		Domestic Flight			International Flight			Domestic Flight	International Flight
		Passenger	Ramp	Comprehensive	Passenger	Ramp	Comprehensive		
1	CODE B	7,976	14,813	22,789	41,209	76,532	117,741	NA	NA
2	CODE C	12,457	23,134	35,590	68,882	127,924	196,806	156,320	208,543
3	CODE D	24,494	45,489	69,983	94,222	174,985	269,207	213,538	499,995
4	CODE E	42,096	78,177	120,273	153,858	285,736	439,594	251,519	499,995

Sr. No.	Aircraft Types (ICAO Code)	Maximum Rates for Tariff Year FY 2024-25							
		Scheduled Aircraft							
		Passenger						Freighter	
		Domestic Flight			International Flight			Domestic Flight	International Flight
		Passenger	Ramp	Comprehensive	Passenger	Ramp	Comprehensive		
1	CODE B	8,375	15,553	23,928	43,270	80,359	123,629	NA	NA
2	CODE C	13,079	24,290	37,369	72,326	134,320	206,646	164,136	218,971
3	CODE D	25,719	47,764	73,483	98,934	183,734	282,668	224,215	524,995
4	CODE E	44,200	82,086	126,286	161,551	300,023	461,574	264,095	524,995

Sr. No.	Aircraft Types (ICAO Code)	Maximum Rates for Tariff Year FY 2025-26							
		Scheduled Aircraft							
		Passenger						Freighter	
		Domestic Flight			International Flight			Domestic Flight	International Flight
		Passenger	Ramp	Comprehensive	Passenger	Ramp	Comprehensive		
1	CODE B	8,794	16,331	25,125	45,434	84,377	129,810	NA	NA
2	CODE C	13,733	25,505	39,238	75,943	141,036	216,979	172,343	229,919
3	CODE D	27,005	50,152	77,157	103,880	192,921	296,801	235,425	551,244
4	CODE E	46,410	86,191	132,601	169,629	315,024	484,653	277,300	551,244

Notes:

- 1) To achieve the projected ARR only maximum ground handling rates have been suggested for Airlines as user agreements will be entered into with each Airline based on the IATA AHM 810 STANDARD GROUND HANDLING AGREEMENT 1998 or 2004 or 2008 or 2013 (SGHA).
- 2) The rates with each Airline will be negotiated based on services required from SGHA service items (usage of equipment and manpower), flight frequency, service level agreement, credit period and liability and indemnity requirement.
- 3) These rates may be revised; where external economic/financial factors warrant a review. However, any change, will be in consultation with the relevant authorities (AERA) and related stakeholders.
- 4) All charges mentioned above exclude taxes which will be charged at the prevailing rates.
- 5) Exchange rate used for contracts signed in USD = 75 INR.



Table 8: Percentage (%) increase in Tariff for different categories of Scheduled Flights for the Third Control Period.

Particulars	FY 2022-23			FY 2023-24			FY 2024-25			FY 2025-26		
	Pax	Ramp	Full	Pax	Ramp	Full	Pax	Ramp	Full	Pax	Ramp	Full
Domestic Passenger Flights												
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%
International Passenger Flights												
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%
Domestic Cargo Flights												
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%
International Cargo Flights												
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%

6.2 AISATS also submitted a separate Tariff Rate Card for Non-Scheduled Operation(s) as per the table given below: -

Table 9: Proposed Tariff Rates for Non-Scheduled Flights submitted by AISATS for the Third Control Period

(Rates in ₹)

Sr. No.	Aircraft Types	Maximum Rates for Tariff Year FY 2021-22							
		Non-Scheduled Aircraft							
		Passenger						Freighter	
		(ICAO Code)	Domestic Flight			International Flight			Domestic Flight
Passenger	Ramp		Comprehensive	Passenger	Ramp	Comprehensive			
1	CODE B	12,299	22,840	35,139	63,543	118,009	181,552	NA	NA
2	CODE C	19,207	35,671	54,878	106,213	197,252	303,465	241,038	321,564
3	CODE D	37,769	70,142	107,911	145,286	269,818	415,104	329,265	770,967
4	CODE E	64,909	120,546	185,455	237,242	440,591	677,833	387,830	770,967

Sr. No.	Aircraft Types (ICAO Code)	Maximum Rates for Tariff Year FY 2022-23							
		Non-Scheduled Aircraft							
		Passenger						Freighter	
		Domestic Flight			International Flight			Domestic Flight	International Flight
		Passenger	Ramp	Comprehensive	Passenger	Ramp	Comprehensive		
1	CODE B	12,914	23,983	36,897	66,721	123,910	190,630	NA	NA
2	CODE C	20,168	37,454	57,622	111,523	207,115	318,638	253,089	337,642
3	CODE D	39,657	73,650	113,307	152,551	283,309	435,860	345,727	809,516
4	CODE E	68,155	126,573	194,728	249,103	462,621	711,724	407,221	809,516

Sr. No.	Aircraft Types (ICAO Code)	Maximum Rates for Tariff Year FY 2023-24							
		Non-Scheduled Aircraft							
		Passenger						Freighter	
		Domestic Flight			International Flight			Domestic Flight	International Flight
		Passenger	Ramp	Comprehensive	Passenger	Ramp	Comprehensive		
1	CODE B	13,560	25,182	38,742	70,056	130,105	200,161	NA	NA
2	CODE C	21,176	39,327	60,503	117,100	217,471	334,570	265,744	354,524
3	CODE D	41,640	77,332	118,972	160,179	297,474	457,653	363,014	849,992
4	CODE E	71,563	132,902	204,465	261,559	485,752	747,310	427,582	849,992

Sr. No.	Aircraft Types (ICAO Code)	Maximum Rates for Tariff Year FY 2024-25							
		Non-Scheduled Aircraft							
		Passenger						Freighter	
		Domestic Flight			International Flight			Domestic Flight	International Flight
		Passenger	Ramp	Comprehensive	Passenger	Ramp	Comprehensive		
1	CODE B	14,238	26,441	40,679	73,559	136,610	210,169	NA	NA
2	CODE C	22,235	41,293	63,528	122,954	228,344	351,298	279,031	372,250
3	CODE D	43,722	81,199	124,921	168,187	312,348	480,535	381,164	892,492
4	CODE E	75,141	139,547	214,688	274,636	510,039	784,675	448,962	892,492

Sr. No.	Aircraft Types (ICAO Code)	Maximum Rates for Tariff Year FY 2025-26							
		Non-Scheduled Aircraft							
		Passenger						Freighter	
		Domestic Flight			International Flight			Domestic Flight	International Flight
		Passenger	Ramp	Comprehensive	Passenger	Ramp	Comprehensive		
1	CODE B	14,950	27,763	42,713	77,237	143,440	220,677	NA	NA
2	CODE C	23,346	43,358	66,704	129,107	239,761	368,863	292,982	390,863
3	CODE D	45,908	85,259	131,167	176,597	327,965	504,562	400,223	937,116
4	CODE E	78,898	146,524	225,422	288,368	535,541	823,909	471,410	937,116

Notes:

- 1) To achieve the projected ARR only maximum ground handling rates have been suggested for Airlines as user agreements will be entered into with each Airline based on the IATA AHM 810 STANDARD GROUND HANDLING AGREEMENT 1998 or 2004 or 2008 or 2013 (SGHA).
- 2) The rates with each Airline will be negotiated based on services required from SGHA service items (usage of equipment and manpower), flight frequency, service level agreement, credit period and liability and indemnity requirement.
- 3) These rates may be revised, where external economic / financial factors warrant a review. However, any change, will be in consultation with the relevant authorities (AERA) and related stakeholders.
- 4) All charges mentioned above exclude taxes which will be charged at the prevailing rates.
- 5) Exchange rate used for contracts signed in USD: 1 USD = 75 INR

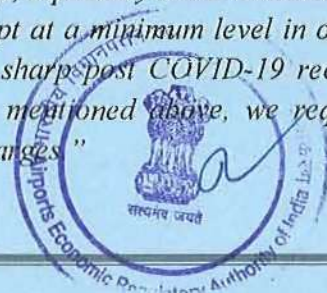
Authority's Examination regarding Annual Tariff Proposal at Consultation Stage:

- 6.3 The Authority noted that for Schedule Flights, the ISP had proposed 5% YoY increase in Tariff Rates from FY 2022-23 onwards as compared to Tariff Rates of preceding FY. (Table 8).
- 6.4 The Authority also noted that AISATS has proposed a separate Tariff Rate card for Non-Scheduled Flights with 5% YoY increase in Tariff Rates from FY 2022-23 onwards, as compared to Tariff Rates of preceding FY (Table 9).
- 6.5 The Authority sought clarification regarding proposed higher Tariff Rates for Non-Scheduled Flights in comparison to charges for Scheduled Operations, the AISATS gave the following justifications/ reasons for higher Tariff for Non-Scheduled Flights:
 - a) extra resources deployed;
 - b) overtime paid to employees due to odd schedules; and
 - c) resources either borrowed/rented from outside as the current resources are occupied in handling.
- 6.6 The Authority is of the view that the Tariff for Domestic Non-Scheduled and General Aviation Operations 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 in case of International Non-Scheduled & General Aviation Operations as per Annexure-II.
- 6.7 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 the 15th of the month will be applicable for the second fortnight.
- 6.8 Further, AISATS should ensure compliance with Standardization of Ground Handling Equipment at Major Airports, in accordance with the directives issued by the Ministry of Civil Aviation vide its letter no. AV-24011/10/2021-AAI-MOCA dated 01.11.2021.

Stakeholders' Comments

6.9 M/s SpiceJet's Comments on Operating Expenditure for the Third Control Period:

"The tariff and rate of increase in tariff are very high, especially in the backdrop of COVID19. It is in the interest of all the stakeholders that the tariff be kept at a minimum level in order to encourage middle class people to travel by air, which will help in sharp post COVID-19 recovery of aviation sector. Considering our submissions & recommendation mentioned above, we request that an appropriate reduction may kindly be applied to the proposed changes"



6.10 BAOA's Comment on the compliance of Ground Handling Policy by AISATS:

"The heading of comprehensive charges for GH services for NSOP/GA should also include, separately, the option of itemized charges as per the list approved by the authority. The smaller aircraft, of NSOP/GA category especially the ones below 5700 kgs (AUW) and up to nine passenger seating capacity, have only limited ground handling or, in some cases, no requirement of GH services. It has been experienced that these small aircraft end up paying disproportionately high GH charges, as 'comprehensive charges' approved by AERA in their category, compared to even the actual operating cost of the flight, including fuel/landing/parking cost. This situation requires immediately correction and rationalization by way of AERA prescribing itemized GH charges, as an additional option along with comprehensive charges, for aircraft below 5700 kgs (AUW) and up to 9 seater capacity. Many aircraft in this category need only marshalling or standard vehicle for limited movement in and out of the apron area.

These itemized charges are already provided in AERA's orders for aeronautical services at Chandigarh/ Goa/ Mangalore. 'Authority' is requested to reconcile the actual requirements of 'ground handling' for these smaller aircraft (below 5700 kgs AUW) and, additionally, authorize aeronautical tariff at all public airports as per itemized 'GH services' requirements on actual case to case basis, keeping affordability and practicality in view. Further, especially for domestic operations of small aircraft, the tariff should be decided in different weight category (like up to 2999 kgs, 3000 to 7999 kgs etc.), as already being done in some AERA's orders, rather than category of codes B, C and so on."

6.11 AISATS response on M/s SpiceJet & BAOA comments regarding Annual Tariff Proposal for the Third Control Period:

6.11.1. AISATS response to M/s SpiceJet's comments:

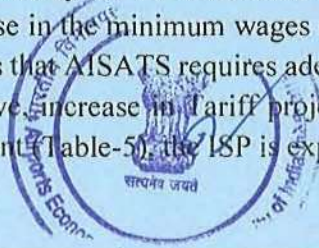
"The approved AERA ceiling rate has no correlation with the Handling rates charged to the airlines. Every airline has a separate handling rate depending on the services requested and the negotiation with the ISP. However, we have noted your concerns for any future approvals."

6.11.2. AISATS response to BAOA comments:

"As per the IATA's Standard Ground Handling Agreement, 'Comprehensive handling' comprises of Management functions, Passenger handling services & Ramp handling services, Load Control and Flight Operations, Cargo & Mail services & Support Services. These services are further sub-divided into sub-categories and service items related to these sub-categories. Hence it is not feasible to assign a rate card for each and every service item. Also, having a rate card for additional services provided for NSOP/GA is difficult as these services are not- scheduled and the cost associated with it varies from time to time depending on the availability of resources."

6.12 Authority's Analysis regarding Stakeholders' comments on Annual Tariff Proposal for the Third Control Period:

6.12.1. As regard to the comments of M/s SpiceJet on the proposed increase in Tariff, the Authority notes the submission of M/s AISATS that Tariffs that would be charged to airlines are different, from the ceiling Tariff approved by the Authority, as the rates are negotiable depending on the services requested. Considering the investments made/ projected by the ISP on Ground Handling Equipment and associated facilities and factoring in periodic increase in the minimum wages rates, impact of general inflation on operating expenditure, the Authority feels that AISATS requires adequate revenue to meet the projected operating expenses. In view of the above, increase in Tariff projected by the ISP seems reasonable. Moreover, as per the profitability statement (Table-5), the ISP is expected to earn a nominal profit only, ranging between 1% to 2%.



6.12.2. The Authority notes that with the entry of second Ground Handling Service Provider at Thiruvananthapuram Airport, it is expected that market competition will also help in moderating Service Charges for the Users.

6.12.3. The Authority further notes comments of BAOA regarding separate Tariff rate card for NSOP/ GA Operators and notes that as per ISP, it is not feasible & difficult to assign a rate card for each and every service item, including additional services provided for NSOP/GA as these services are not- scheduled and the cost associated with it varies from time to time depending on the availability of resources.

In this regard, the Authority strongly feels that under the light touch approach AERA agrees to tariffs as proposed by service provider subject to the satisfaction of the following broad parameters:

- There is no exceptional spike in tariff in one year.
- Level of investment commensurate to the tariff proposed.
- Competition among the ISPs would help the Airlines including that of NSOP/GA to select the service provider based on their rates and quality of service and no ISP will be in a position to dominate the service.

As regard to BAOA reference to past AERA Orders relating to ground handling services containing itemized Tariff for various Ground Handling Services, AERA impresses upon ISPs to submit Tariff on itemized basis, so that same may be considered by AERA in its Tariff Orders.

6.13 **Authority's Decisions regarding Tariff for the Third Control Period:**

Based on the material before it and its analysis, the Authority decides the following about Tariff structure and Annual Tariff Proposal for the Third Control Period:

6.13.1. To consider the Tariff Rates for Ground Handling Services provided by AISATS in respect of Scheduled Flights, International "Non-Scheduled & General Aviation Flights" and Item-wise Tariff Rate Card for Non-Scheduled Operators (Domestic & International) and General Aviation for the Third Control Period as per **Annexures (I, II & III)**.

6.13.2. The Tariff Rates indicated in Annexures (I, II & III) shall be maximum Tariff to be charged. No other charge is to be levied over and above the approved Tariff Rates.

6.13.3. The Tariff for Domestic Non-Scheduled and General Aviation Operations, including Item-wise Charges for Ground Handling Services, shall not exceed the approved Tariff(s) for relevant Domestic Scheduled Flights for similar class of Aircraft(s).

6.13.4. In case of payment in foreign currency, the RBI conversion rate as on the last day of the previous month will be applicable for the first fortnight and rate as on 15th of the month will be applicable for the second fortnight.

6.13.5. AISATS should ensure compliance towards Standardization of Ground Handling Equipment at Thiruvananthapuram International Airport, in accordance with the directives issued by Ministry of Civil Aviation vide its letter no. AV-24011/10/2021-AAI-MOCA dated 27.10.2022.



CHAPTER 7: SUMMARY OF AUTHORITY'S DECISIONS

The Summary of Authority's decisions (given under each chapter) regarding the Tariff determination of AISATS, for the Third Control Period is as under:

Chapter	Para	Summary of Authority's Decisions	Page No.
Chapter No.2	2.9	The Authority decides to consider the Tariff determination exercise of AISATS for providing Ground Handling Services at Thiruvananthapuram International Airport under the " Light Touch Approach " for the Third Control Period, as the regulated service is deemed to be ' Not Material '.	8
Chapter No. 3	3.11	The Authority decides to consider the Traffic Volume (Flights to be handled) by AISATS for the Third Control Period as per Table 3.	10
Chapter No. 4	4.9	The Authority decides to consider the CAPEX for the Third Control Period as per Table-4.	12
Chapter No. 5	5.11	The Authority decides to consider OPEX for the Third Control Period as per Table-5.	17
Chapter No. 6	6.13.1	The Authority decides to consider the Tariff Rates for Ground Handling Services provided by AISATS in respect of Scheduled Flights, International "Non-Scheduled & General Aviation Flights" and Item-wise Tariff Rate Card for Non-Scheduled Operators (Domestic & International) and General Aviation for the Third Control Period as per Annexures (I, II & III) .	24
	6.13.2	The Authority decides the Tariff Rates indicated in Annexures (I, II & III) shall be maximum Tariff to be charged. No other charge is to be levied over and above the approved Tariff Rates.	
	6.13.3	The Authority decides the Tariff for Domestic Non-Scheduled and General Aviation Operations, including Item-wise Charges for Ground Handling Services, shall not exceed the approved Tariff(s) for relevant Domestic Scheduled Flights for similar class of Aircraft(s).	
	6.13.4	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 15 th of the month will be applicable for the second fortnight.	
	6.13.5	AISATS should ensure compliance towards Standardization of Ground Handling Equipment at Thiruvananthapuram International Airport, in accordance with the directives issued by Ministry of Civil Aviation vide its letter no. AV-24011/10/2021-AAI-MOCA dated 27.10.2022.	



CHAPTER 8: ORDER

Upon careful consideration of the material available on record, as well as submission made by AISATS, the Authority, in exercise of powers conferred upon it by Section 13(1)(a) of the AERA Act, 2008, hereby orders that:

- (i) The service for Ground Handling being provided by M/s Air India SATS Airport Services Private Limited at Thiruvananthapuram International Airport is “**Not Material**”. Therefore, the Authority decides to adopt ‘**Light Touch Approach**’ for determination of Tariff for the Third Control Period (FY 2021-22 to FY 2025-26).
- (ii) The Authority decides that the Tariff Rates indicated in **Annexures (I, II & III)** shall be 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”, including Item-wise Charges for GHS, 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 AISATS shall maintain the separate accounts for its Ground Handling Operations at Thiruvananthapuram Airport 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) The Tariff Order shall be effective from **05.12.2022**.
- (viii) The Airport operator shall ensure the compliance of the Order.

By the Order of and in the name of the Authority


(Col Manu Sooden)
Secretary

To

M/s Air India SATS Airport Services Private Limited (AISATS)
16th Floor, Commerz II, International Business Park,
Oberoi Garden City, Off Western Express highway,
Goregaon (East), Mumbai - 400063
(Through: **Shri Sanjay Gupta, Chief Executive Officer**)

Copy to:

1. Secretary, Ministry of Civil Aviation, Rajiv Gandhi Bhawan, Safdarjung Airport, New Delhi-110003.
2. Chief Airport Officer, TRV (Kerala) International Airport Limited Airport Rd, Chacka, Thiruvananthapuram, Kerala-695008



ANNEXURE I**APPROVED TARIFF CARD FOR AISATS PROVIDING GROUND HANDLING SERVICES
AT THIRUVANANTHAPURAM INTERNATIONAL AIRPORT, THIRUVANANTHAPURAM**

Maximum rate to be levied for Domestic* and International Scheduled Flights
for the Third Control Period (FY 2021-22 to FY 2025-26)

REVISED TARIFF RATES ARE EFFECTIVE FROM 05.12.2022

(Rates in ₹)

Aircraft Types	Maximum Rates for Tariff Year FY 2022-23							
	Schedule Aircraft							
	Passenger						Freighter	
(ICAO Code)	Domestic Flight			International Flight			Domestic Flight	International Flight
	Passenger	Ramp	Comprehensive	Passenger	Ramp	Comprehensive		
CODE B	7,596	14,108	21,704	39,247	72,888	112,135	NA	NA
CODE C	11,863	22,032	33,895	65,602	121,832	187,434	148,876	198,613
CODE D	23,328	43,323	66,651	89,736	166,652	256,388	203,369	476,186
CODE E	40,091	74,455	114,546	146,531	272,130	418,661	239,542	476,186

Aircraft Types	Maximum Rates for Tariff Year FY 2023-24							
	Schedule Aircraft							
	Passenger						Freighter	
(ICAO Code)	Domestic Flight			International Flight			Domestic Flight	International Flight
	Passenger	Ramp	Comprehensive	Passenger	Ramp	Comprehensive		
CODE B	7,976	14,813	22,789	41,209	76,532	117,741	NA	NA
CODE C	12,457	23,134	35,590	68,882	127,924	196,806	156,320	208,543
CODE D	24,494	45,489	69,983	94,222	174,985	269,207	213,538	499,995
CODE E	42,096	78,177	120,273	153,858	285,736	439,594	251,519	499,995

Aircraft Types	Maximum Rates for Tariff Year FY 2024-25							
	Schedule Aircraft							
	Passenger						Freighter	
(ICAO Code)	Domestic Flight			International Flight			Domestic Flight	International Flight
	Passenger	Ramp	Comprehensive	Passenger	Ramp	Comprehensive		
CODE B	8,375	15,553	23,928	43,270	80,359	123,629	NA	NA
CODE C	13,079	24,290	37,369	72,326	134,320	206,646	164,136	218,971
CODE D	25,719	47,764	73,483	98,934	183,734	282,668	224,215	524,995
CODE E	44,200	82,086	126,286	161,551	300,023	461,574	264,095	524,995



Aircraft Types	Maximum Rates for Tariff Year FY 2025-26							
	Schedule Aircraft							
	Passenger						Freighter	
(ICAO Code)	Domestic Flight			International Flight			Domestic Flight	International Flight
	Passenger	Ramp	Comprehensive	Passenger	Ramp	Comprehensive		
CODE B	8,794	16,331	25,125	45,434	84,377	129,810	NA	NA
CODE C	13,733	25,505	39,238	75,943	141,036	216,979	172,343	229,919
CODE D	27,005	50,152	77,157	103,880	192,921	296,801	235,425	551,244
CODE E	46,410	86,191	132,601	169,629	315,024	484,653	277,300	551,244

* Tariff for Domestic Scheduled Flights is also applicable to Domestic Non-Scheduled Flights

Notes:

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



ANNEXURE II

**APPROVED TARIFF CARD FOR AISATS PROVIDING GROUND HANDLING SERVICES
AT THIRUVANANTHAPURAM INTERNATIONAL AIRPORT, THIRUVANANTHAPURAM**

Maximum rate to be levied for International “Non-Scheduled Flights & General Aviation”
for the Third Control Period (FY 2021-22 to FY 2025-26)

REVISED TARIFF RATES ARE EFFECTIVE FROM 05.12.2022

(Rates in ₹)

Aircraft Types	Maximum Rates for Tariff Year FY 2022-23			
	Non-Scheduled Aircraft			
	Passenger			Freighter
(ICAO Code)	International Flight			International Flight
	Passenger	Ramp	Comprehensive	
CODE B	66,721	123,910	190,630	NA
CODE C	111,523	207,115	318,638	337,642
CODE D	152,551	283,309	435,860	809,516
CODE E	249,103	462,621	711,724	809,516

Aircraft Types	Maximum Rates for Tariff Year FY 2023-24			
	Non-Scheduled Aircraft			
	Passenger			Freighter
(ICAO Code)	International Flight			International Flight
	Passenger	Ramp	Comprehensive	
CODE B	70,056	130,105	200,161	NA
CODE C	117,100	217,471	334,570	354,524
CODE D	160,179	297,474	457,653	849,992
CODE E	261,559	485,752	747,310	849,992

Aircraft Types	Maximum Rates for Tariff Year FY 2024-25			
	Non-Scheduled Aircraft			
	Passenger			Freighter
(ICAO Code)	International Flight			International Flight
	Passenger	Ramp	Comprehensive	
CODE B	73,559	136,610	210,169	NA
CODE C	122,954	228,344	351,298	372,250
CODE D	168,187	312,348	480,535	892,492
CODE E	274,635	510,039	784,675	892,492



Aircraft Types	Maximum Rates for Tariff Year FY 2025-26			
	Non-Scheduled Aircraft			
	Passenger			Freighter
(ICAO Code)	International Flight			International Flight
	Passenger	Ramp	Comprehensive	
CODE B	77,237	143,440	220,677	NA
CODE C	129,102	239,761	368,863	390,863
CODE D	176,597	327,965	504,562	937,116
CODE E	288,368	535,541	823,909	937,116

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



ANNEXURE-III

**APPROVED TARIFF RATE CARD FOR AISATS PROVIDING GROUND HANDLING SERVICES
AT THIRUVANANTHAPURAM INTERNATIONAL AIRPORT**

TARIFF RATES ARE EFFECTIVE FROM 05.12.2022

**Maximum Tariff for Item-wise Charges in respect of Non-Scheduled Operators & General Aviation
for the Third Control Period.**

(Rates in ₹)

Sl. No.	SERVICES	UNIT	2022-23		2023-24		2024-25		2025-26	
			Dom.	Intl.	Dom.	Intl.	Dom.	Intl.	Dom.	Intl.
1	Air Cooling Unit per hour usage	Per Hour	29495	29495	30970	30970	32519	32519	34145	34145
2	Air Starter Unit	Per Start	22999	22999	24149	24149	25356	25356	26624	26624
3	Aircraft Disinfection - Freighter Aircrafts	Per service	11424	11424	11995	11995	12595	12595	13225	13225
4	Aircraft Disinfection - Pax Aircrafts Code C	Per service	9240	9240	9702	9702	10187	10187	10696	10696
5	Aircraft Disinfection - Pax Aircrafts Code D/E	Per service	14616	14616	15347	15347	16114	16114	16920	16920
6	Aircraft Disinfection - Pax Aircrafts Code F	Per service	19320	19320	20286	20286	21300	21300	22365	22365
7	Aircraft marshalling	Per service	4536	4536	4763	4763	5001	5001	5251	5251
8	Ambulift	Per flight leg	24242	24242	25454	25454	26727	26727	28063	28063
9	Apron Transport (Passenger)	Per Trip	3696	3696	3881	3881	4075	4075	4279	4279
10	Hotel Accommodation	Per flight	3192	3192	3352	3352	3520	3520	3696	3696
11	ATC payment services	Per flight	8400	8400	8820	8820	9261	9261	9724	9724
12	Baggage ID	Per Service	3696	3696	3881	3881	4075	4075	4279	4279
13	Baggage/Cargo cart	Per Hour	1230	1230	1292	1292	1357	1357	1425	1425
14	Ballast Bags refill	Per refill-per bag	2162	2162	2270	2270	2384	2384	2503	2503
15	Blue collar staff	Per staff per hour	3528	3528	3704	3704	3889	3889	4083	4083
16	Brake Cooling Service	Per flight	33886	33886	35580	35580	37359	37359	39227	39227
17	Cabin loading/unloading NB	Per hour	58800	58800	61740	61740	64827	64827	68068	68068
18	Cabin loading/unloading WB	Per hour	99120	99120	104076	104076	109280	109280	114744	114744
19	Cargo Supervision services	Per flight	15120	15120	15876	15876	16670	16670	17504	17504
20	Container/Pallet Dolly	Per Hour	746	746	783	783	822	822	863	863
21	Container/Pallet Dolly 20 FT	Per Hour	1230	1230	1292	1292	1357	1357	1425	1425
22	Conveyor belt	Per Hour	9839	9839	10331	10331	10848	10848	11390	11390



23	Crew Transport	Per Trip	3696	3696	3881	3881	4075	4075	4279	4279
24	Deportee/ In-admissible handling	Per Passenger	8702	8702	9137	9137	9594	9594	10074	10074
25	Direct crew through airport facilities	Per Service	2520	2520	2646	2646	2778	2778	2917	2917
26	Excess Baggage Fee (% of collection)	As per collection	-	-	-	-	-	-	-	-
27	Exterior Cleaning - NB	Per Service	64680	64680	67914	67914	71310	71310	74876	74876
28	Exterior Cleaning - WB	Per Service	105840	105840	111132	111132	116689	116689	122523	122523
29	Forklift	Per Hour	12287	12287	12901	12901	13546	13546	14223	14223
30	Full body suit PPE	Per suit	1344	1344	1411	1411	1482	1482	1556	1556
31	Ground Power Unit	Per Hour	21756	21756	22844	22844	23986	23986	25185	25185
32	Headset service	Per Flight	4	4	4	4	4	4	4	4
33	Interior Deep Cleaning - NB	Per Service	12096	12096	12701	12701	13336	13336	14003	14003
34	Interior Deep Cleaning - WB	Per Service	23184	23184	24343	24343	25560	25560	26838	26838
35	Interior Turn Cleaning - NB	Per Service	11760	11760	12348	12348	12965	12965	13613	13613
36	Interior Turn Cleaning - WB	Per Service	15120	15120	15876	15876	16670	16670	17504	17504
37	Lower Deck Loader	Per hour	34413	34413	36134	36134	37941	37941	39838	39838
38	Manual Check-In	Per Passenger	420	420	441	441	463	463	486	486
39	Middle Deck Loader	Per hour	49151	49151	51609	51609	54189	54189	56898	56898
40	Operational Flight Plan Print Out	Per service	1344	1344	1411	1411	1482	1482	1556	1556
41	Passenger Step (mobile)	Per Hour	9839	9839	10331	10331	10848	10848	11390	11390
42	Pushback for narrow body aircraft	Per Push	17206	17206	18066	18066	18969	18969	19917	19917
43	Pushback for wide body aircraft	Per Push	27034	27034	28386	28386	29805	29805	31295	31295
44	Stationary (Boarding card & Tags)	Per Flight	15456	15456	16229	16229	17040	17040	17892	17892
45	Tail stand	Per Hour	13440	13440	14112	14112	14818	14818	15559	15559
46	Toilet truck	Per Service	8608	8608	9038	9038	9490	9490	9965	9965
47	Towbar	Per Use	3766	3766	3954	3954	4152	4152	4360	4360
48	Towing of narrow body aircraft	Per Tow	28560	28560	29988	29988	31487	31487	33061	33061
49	Towing of wide body aircraft	Per Tow	48720	48720	51156	51156	53714	53714	56400	56400
50	Transit w/o visa pax	Per Passenger	8702	8702	9137	9137	9594	9594	10074	10074
51	Trestle (standard size - 4ft)	Per Hour	2016	2016	2117	2117	2223	2223	2334	2334
52	Tugs	Per Hour	7560	7560	7938	7938	8335	8335	8752	8752



53	Unit Load Device Storage	Per ULD/per day	3360	3360	3528	3528	3704	3704	3889	3889
54	Unaccompanied Minor Handling	Per UM	3730	3730	3917	3917	4113	4113	4319	4319
55	Vacuum Cleaner	Per Hour	3696	3696	3881	3881	4075	4075	4279	4279
56	VIP Vehicle (Innova Range)	Per trip	14952	14952	15700	15700	16485	16485	17309	17309
57	VIP Vehicle (Luxury - Mercedes/ BMW / AUDI range)	Per trip	25200	25200	26460	26460	27783	27783	29172	29172
58	VIPs	Per Passenger	5594	5594	5874	5874	6168	6168	6476	6476
59	Water truck	Per Service	5040	5040	5292	5292	5557	5557	5835	5835
60	Water Uplift	Per Ltr.	14	14	15	15	16	16	17	17
61	Wheel Chair	Per Service	1865	1865	1958	1958	2056	2056	2159	2159
62	White collar staff	Per staff per hour	4704	4704	4939	4939	5186	5186	5445	5445

WB= Widebody Aircraft; NB Narrow Body Aircraft

Dom. =Domestic; Int. = 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 the 15th of the month will be applicable for the second fortnight.

भा. वि. आ. वि. प्रा.
AERA

