

फाइल संख्या ऐरा/20010/एमवाईटीपी/एआईएसएटीएस/जीएच/मंगलुरु/सीपी-III/2021-26

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

आदेश संख्या 07/ 2022-23

Order No. 07/2022-23



भारतीय विमानपत्तन आर्थिक विनियामक प्राधिकरण  
Airports Economic Regulatory Authority of India

एयर इंडिया सैट्स एयरपोर्ट सर्विसेज प्राइवेट लिमिटेड (एआईएसएटीएस) के संबंध में मंगलुरु अंतरराष्ट्रीय हवाईअड्डा, मंगलुरु में ग्राउंड हैंडलिंग सेवाओं के लिए प्रथम 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  
MANGALURU INTERNATIONAL AIRPORT, MANGALURU  
FOR THE FIRST CONTROL PERIOD  
(FY 2021-22 TO FY 2025-26)

जारी करने की तारीख: 15.06.2022

Date of Issue: 15/06/2022

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

आदेश संख्या/Order No 07/2022-23

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**List of Abbreviations:**

AERA / Authority	Airports Economic Regulatory Authority of India
AISATS	Air India SATS Airport Services Private Limited
A&G	Administrative & General Expenses
ATM	Air Traffic Movement
ATP	Annual Tariff Proposal
CAPEX	Capital Expenditure
COD	Commercial Operation Date
CGF	Cargo, Ground Handling & Fuel Throughput
GHA	Ground Handling Agencies
GHS	Ground Handling Service
GPU	Ground Power Unit
GSEC	Gujarat State Export Corporation
INR/₹	Indian Rupees
ISP	Independent Service Provider
LoI	Letter of Intent
MYTP	Multi-Year Tariff Proposal
NCAP	National Civil Aviation Policy
OPEX	Operating Expenditure
O&M	Operation and Maintenance
PAT	Profit After Tax
PBIDT	Profit Before Interest, Depreciation and Tax
P&L	Profit & Loss
R&M	Repair & Maintenance Expenses
RFP	Request for Proposal
SPV	Special Purpose Vehicle
SPRH	Service Provider Right Holder
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. AISATS provides ground handling services at the Bengaluru, Hyderabad, Delhi, Mangaluru (Karnataka) and Thiruvananthapuram (Kerala) 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 (SATS) Limited	50.00
<b>Total</b>	<b>100.00</b>

- 1.3 AISATS has been granted a License for providing Ground Handling Services at the Mangaluru International Airport as per the License Agreement dated 3<sup>rd</sup> August 2021 entered into between Mangaluru International Airport Limited and AISATS. The license is for a period of 5 (five) years, commencing from 1<sup>st</sup> April, 2021, the "Effective Date" as defined in the Agreement.
- 1.4 Bureau of Civil Aviation Security has granted security clearance to AISATS on 15<sup>th</sup> January, 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.
- 1.5 As per the provisions of the AERA (CGF) Guidelines 2011, AISATS had submitted the Multi-Year Tariff Proposal ('MYTP') on 25<sup>th</sup> November 2021 for determination of Tariff for providing Ground Handling Services at Mangaluru International Airport for the First Control Period (FY 2021-22 to FY 2025-26).
- 1.6 The Authority, after initial scrutiny of the MYTP submissions of AISATS, observed various discrepancies/ errors, over which clarifications/ justifications were sought from AISATS, from time to time. After regular follow-up and several meetings/ discussions, AISATS submitted the revised MYTP & ATP on 25.02.2022.
- 1.7 AISATS has conducted the Stakeholder's Consultation Meeting and submitted a copy of the 'Minutes of Meeting' vide email dated 07.06.2022. During the Stakeholder Consultation Meeting, representatives from Go First Airlines, SpiceJet Ltd. and Air India participated. As per the 'Minutes', none of the participants raised any issue on ATP during the meeting.
- 1.8 The Authority, carefully examined the MYTP for the First Control Period submitted by the AISATS in respect of Ground Handling Services being provided at Mangaluru International Airport and issued its Consultation Paper (CP) No. 34/2021-22 dated 29.03.2022, inviting suggestions/comments from the Stakeholders on the various proposals of the Authority with the following timelines:



- *Date of Issue of the Consultation Paper: 29<sup>th</sup> March, 2022.*
- *Date for submission of written comments by Stakeholders: 19<sup>th</sup> April, 2022.*
- *Date for submission of counter comments: 26<sup>th</sup> April, 2022.*

- 1.9 The Authority received comments from M/s SpiceJet Ltd. on the various proposals of the Authority contained in the Consultation Paper No. 34/2021-22 and the same were uploaded on the AERA's website vide Public Notice no. 02/2022-23 dated 21.04.2022.
- 1.10 The Authority, in response to Public Notice no. 02/2022-23 dated 21.04.2022, received counter comments from AISATS on 26.04.2022.
- 1.11 The Authority, after examining the comments of M/s SpiceJet Ltd. & counter comments of AISATS and after considering all the relevant aspects of the case has finalized this Tariff Order.



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## **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 Guidelines”).

### **2.2 MATERIALITY ASSESSMENT:**

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

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

$$\begin{aligned} \text{The Materiality Index for Mangaluru Airport} &= 3782/431853 \\ &= 0.88\% \end{aligned}$$

The percentage share of Mangaluru International Airport for FY 2019-20 in respect of International Aircraft Movements is 0.88%, which is less than 5% Materiality Index (MI<sub>G</sub>) for the subject service. Hence, the Regulated Service is deemed ‘**Not Material**’ for the First Control Period.

- 2.3 The Authority also noted that GSEC Bird Airport Services Private Limited is also providing Ground Handling Services at Mangaluru International Airport apart from AISATS.
- 2.4 AISATS had submitted copy of IATA Standard Ground Handling Agreement (SGHA) executed with SpiceJet Limited on 19<sup>th</sup> July, 2017 for provision of Ground Handling Services to SpiceJet Limited. The aforesaid agreement has been further extended up to 31<sup>st</sup> July, 2024 vide Addendum No. 02.

### **Stakeholders’ Comments**

2.5 During the stakeholder consultation process, the Authority received no comments/ views from any stakeholders in respect of Principles for determination of “Aeronautical Tariff” for the First Control Period.

### **2.6 Authority’s Decision regarding Tariff determination of AISATS:**

Based on the material before it and its analysis, the Authority decides to consider Tariff determination exercise of AISATS for providing Ground Handling Services at Mangaluru International Airport under “**Light Touch Approach**” for the First Control Period, as the regulated services is deemed ‘**Not Material**’.



### **CHAPTER 3: TRAFFIC VOLUME (FLIGHTS TO BE HANDLED)**

#### **AISATS's Submission on Actual and Projected Traffic (Flights to be Handled) for the First Control Period as a part of MYTP**

- 3.1 As per MYTP submitted by AISATS, the actual Traffic handled for the FY 2019-20 & FY 2020-21 and projected Traffic (Flights to be handled) for the First Control Period (FY 2021-22 to FY 2025-26) are given below in Table 2:

**Table 2: Actual Traffic handled and Projected Traffic (Flights to be handled) submitted by AISATS for the First Control Period**

Year	Actual Traffic handled and Projected Traffic (Flights to be handled)		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	2810	1526	4,336	-	-	-
2020-21	1069	539	1,608	38.04%	35.32%	37.08%
2021-22	1,500	750	2,250	53.38%	49.15%	51.89%
2022-23	1,950	975	2,925	69.40%	63.89%	67.46%
2023-24	2,145	1,073	3,218	76.33%	70.31%	74.22%
2024-25	2,360	1,180	3,540	83.99%	77.33%	81.64%
2025-26	2,595	1,298	3,893	92.35%	85.06%	89.78%
<b>TOTAL (FY 2021-22 to FY 2025-26)</b>	<b>10,550</b>	<b>5,276</b>	<b>15,826</b>			

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

- 3.2 The Authority observed that COVID-19 had severely impacted the business in Civil Aviation Sector, including Ground Handling Service Providers. However, the Authority notes that after the second wave of Covid-19, the Aircraft Traffic started improving gradually in the FY 2021-22.
- 3.3 The Authority noted that, the total Aircraft Traffic (Domestic and International) during April, 2021 to January, 2022 for the Mangaluru International Airport had almost reached 60% of the corresponding pre-Covid period of FY 2019-20.
- 3.4 The Authority observed that the increase in Air Traffic (flights to be handled) in respect of Domestic and International sectors for the First Control Period has been proposed by AISATS considering gradual recovery from Covid-19 pandemic. It is also noted as per AISATS projection, Air Traffic (Flights to be handled) is likely to reach near pre-Covid levels (FY 2019-20) in FY 2025-26 only.





### **Stakeholders' Comments**

3.5 During the Stakeholder Consultation process, the Authority received no comments/views from any stakeholders with respect to Traffic Projections (Flights to be handled) for the First Control Period.

3.6 **Authority's Analysis regarding Traffic Volume for the First 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 3<sup>rd</sup> wave of Covid-19, the Traffic Volume projected by the AISATS for the First Control Period seems reasonable. Accordingly, the Authority decides to maintain the same view on Traffic projections as taken at Consultation Stage.

3.7 **Authority's Decision regarding Traffic Volume for the First Control Period:**

Based on the material before it and its analysis, the Authority decides to consider the Traffic Volume (Flights to be handled) for the First Control Period as per Table 2.



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## CHAPTER 4: CAPITAL EXPENDITURE

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

- 4.1 As per the Revised MYTP, AISATS has projected a total Capital Expenditure (CAPEX) of ₹350 lakhs for the procurement of various assets during the First Control Period (FY 2021-22 to FY 2025-26). The year-wise, asset-wise Capital Expenditure projected by AISATS is given as below:

**Table 3: Projected Capital Expenditure submitted by AISATS for the First Control Period**

(₹ in Lakhs)

Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	TOTAL
Main Deck Loader	-	-	60.00 (Qty. 1)	-	-	60.00
Computer Peripherals & Software	-	-	10.00 (Qty. 15)	10.00 (Qty. 15)	10.00 (Qty. 15)	30.00
Electric/ Diesel Baggage Tractors	-	25.00 (Qty. 1)	-	25.00 (Qty. 1)	-	50.00
Aircraft Tail Stand	-	30.00 (Qty. 3)	-	30.00 (Qty. 3)	-	60.00
Baggage Trolleys Big (covered)	-	20.00 (Qty. 15)	-	20.00 (Qty. 15)	60.00 (Qty. 45)	100.00
Second Deck Loader	-	-	25.00 (Qty. 1)	-	25.00 (Qty. 1)	50.00
<b>TOTAL</b>	-	<b>75.00</b>	<b>95.00</b>	<b>85.00</b>	<b>95.00</b>	<b>350.00</b>

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

- 4.2 The Authority noted that AISATS in respect of Ground handling Services at Mangaluru International Airport had projected a total CAPEX of ₹ 350 lakhs as per Table 3 for the First Control Period.
- 4.3 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. Therefore, the Authority proposed to consider the CAPEX for the First Control Period as per Table-3 above.

### Stakeholders' Comments

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

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

- 4.4.1. "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 Second Control Period, unless deemed critical from a safety or security compliance perspective.

- 4.4.2. 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.
- 4.4.3. In addition, we recommend that an adjustment of 1% or higher, as deemed fit, is made by AERA for capital expenditure projects of the First 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 Second Control Period.”

4.5 **AISATS Counter Comments/ response on the issue of Deferment of Capital Expenditure for the First Control Period:**

AISATS submitted the following counter comment 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 still be under losses for first 3 tariff years. The CAPEX procurement is towards serving normal business operations and thus does not lead towards increase in the costs.”*

4.6 **Authority’s Analysis on the Stakeholders’ Comments regarding Capital Expenditures for the First 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 ₹ 350.00 lakhs only and no CAPEX is proposed during the First Tariff Year of the First Control Period. It is noted that the proposed CAPEX is towards replacement of leased assets and in respect of Equipment, which are essential for smooth operations and better passenger facilitation. Considering the above, the Authority feels that CAPEX proposed by AISATS for the First Control Period seems reasonable.

4.7 **Authority’s Decisions regarding CAPEX for the First Control Period:**

Based on the material before it and its analysis, the Authority decides to consider the CAPEX for the First Control Period as per Table-3.



## CHAPTER 5: OPERATING EXPENDITURE AND PROFITABILITY

### AISATS's Submission on Operating Expenditure for the First 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 broadly segregated into the following categories:
- Payroll Costs;
  - Admin and General Expenses
  - Concession Fees
  - Repairs and Maintenance.
- 5.3 As per the MYTP submitted by AISATS, Revenue, Operating Expenditure (OPEX) and Profitability projected for the First Control Period (FY 2021-22 to FY 2025-26) is as under:

**Table 4: Projected Revenue, Operating Expenditure and Profitability as submitted by AISATS for the First Control Period**

(₹ in lakhs)

Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	TOTAL
<b>Revenue</b>						
i. Revenues from Regulated Services	663.20	753.48	791.16	890.71	965.25	4,063.81
ii. Revenues from other than Regulated Services	5.29	5.45	5.62	5.79	5.97	28.11
<b>Total Rev A = (i+ii)</b>	<b>668.49</b>	<b>758.93</b>	<b>796.77</b>	<b>896.50</b>	<b>971.22</b>	<b>4,091.91</b>
<b>Operating Expenditure</b>						
i. Payroll Cost	517.30	572.65	577.54	525.52	598.45	2,791.46
ii. Administrative and General Expenditure	66.75	68.75	70.82	72.94	75.13	354.39
iii. Concession Fees	58.20	66.12	69.43	78.17	84.71	356.63
iv. Repairs & Maintenance Expenses	59.24	61.01	62.84	32.51	16.89	232.49
<b>Total OPEX B = (i+ii+iii+iv)</b>	<b>701.49</b>	<b>768.54</b>	<b>780.63</b>	<b>709.14</b>	<b>775.18</b>	<b>3,734.97</b>
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) <b>C = (A-B)</b>	(32.99)	(9.60)	16.14	187.36	196.04	356.94
Depreciation and Amortisation (D)	50.36	66.24	86.35	100.91	113.22	417.08
<b>Profit Before Tax (PBT) E = (C-D)</b>	<b>(83.36)</b>	<b>(75.84)</b>	<b>(70.21)</b>	<b>86.45</b>	<b>82.82</b>	<b>(60.14)</b>
Tax* (F)	-	-	-	-	-	0
<b>Profit After Tax (PAT)</b>	<b>(83.36)</b>	<b>(75.84)</b>	<b>(70.21)</b>	<b>86.45</b>	<b>82.82</b>	<b>(60.14)</b>

\*Nil Tax Liability due to projected losses in first three Tariff years.



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

5.4 As regard to Revenue considered by AISATS in the Profitability for First Control Period, the Authority observed that in its updated MYTP submission, AISATS had projected lower Revenue for the First Control Period as compared to their original submission. As the Traffic Volume has direct relationship with projected Revenue; accordingly, a clarification was sought from the AISATS for considering lower revenues for the Control Period. The ISP, in its response vide email dated 17.03.2022, had submitted that considering the current pandemic scenario they have projected more realistic Traffic Volume (Flights to be handled), hence lower Revenue based on lower Traffic volume has been proposed.

The Authority also noted that as per AAI traffic data for Mangaluru airport, total Aircraft Traffic for the period from April, 2021 to January, 2022 is around 60% of corresponding pre-Covid period of FY 2019-20. Considering the adverse impact of Covid-19 on Aviation Sector, including Ground Handling Agencies, and expected gradual recovery in Air Traffic post third wave of Covid-19 pandemic; the Authority feels that it will take some time for return of normalcy in Air Traffic volumes. In view of the above, the Authority feels that Traffic Volume (Flight to be handled) and the Revenue projected for the First Control Period by AISATS seems reasonable.

5.5 The Authority analyzed the Operating Expenditure provided in Form F3 (P&L) of the revised MYTP for the First Control Period and notes YoY % increase and CAGR as per Table-5 below:

**Table 5: Year on Year Percentage increase in the Operation & Maintenance Expenditure submitted by AISATS for the First Control Period**

Particulars	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	CAGR of 5 Years
Payroll cost	11%	1%	-9%	14%	4%
Administrative and General Expenditure	3%	3%	3%	3%	3%
Concession Fees	14%	5%	13%	8%	10%
Repairs and Maintenance cost	3%	3%	-48%	-48%	-27%

5.6 The Authority noted from the projected volume, CAPEX and OPEX for the First Control Period, the AISATS is projected to incur losses in first three Tariff Years of the First Control Period and from FY 2024-25 onwards, the ISP is expected to earn profits as depicted in Table-4 above.

**Stakeholders' Comments**

**5.7 M/s SpiceJet's Comments on Operating Expenditures for the First Control Period:**

M/s SpiceJet submitted the following comments on the operating Expenditure proposed for the First Control Period:

5.7.1. *"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

As per the Consultation Paper AISATS has got license for providing Ground Handling services at Mangaluru International Airport (MIA) as per the Licence Agreement dated 3<sup>rd</sup> August 2021.

However, Table 3 and Form F9 indicates that there were nil Capital Expenditure for the first tariff year (FY 2021-22) but also at the same time a Depreciation and Amortization of ₹ 50.36 lakhs is noted, which is unusual. May we request AERA to kindly clarify/confirm whether this ₹ 50.36 lakhs is taken against the assets held in individually by M/s Air India Limited and M/s SATS Limited, as per Form F3 attached to the CP. May we request AERA to kindly clarify/confirm on the same, and further that this is in accordance with AERA Order No. 35/2017-18 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

Please refer to the Table 5 of the Consultation Paper, reproduced below:

**Year on Year Percentage increase in the Operation & Maintenance Expenditure submitted by AISATS for the First Control Period**

Particulars	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	CAGR of 5 Years
Payroll cost	11%	1%	-9%	14%	4%
Administrative and General Expenditure	3%	3%	3%	3%	3%
Concession Fees	14%	5%	13%	8%	10%
Repairs and Maintenance cost	3%	3%	-48%	-48%	-27%

However, upon review of Form F3 attached to the Consultation paper, the figures displayed below show a different growth rate, which are in variance to the figures displayed in Table 5 above:

**Year on Year Percentage increase in the Operation & Maintenance Expenditure as per Form 3**

(Fig. in Rupees)

Particulars	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Payroll cost	74639534	52149446	51729678	57264676	57754440	58980732	60185268
YoY Change		-30%	-1%	11%	1%	2%	2%
Change Compared to 2019-20		-30%	31%	-23%	-23%	-21%	-19%
Administrative and General	15828551	30015435	6675119	6875372	7081633	7294082	7512905
YoY Change		90%	-78%	3%	3%	3%	3%
Change Compared to 2019-20		90%	-58%	-57%	-55%	-54%	-53%
Concession fees	7582053	3021326	5820100	6612390	6943010	7290160	7654668
YoY Change		-60%	93%	14%	5%	5%	5%
Change Compared to 2019-20		-60%	-23%	-13%	-8%	-4%	1%
Repair and Maintenance cost	2166399	5751119	5923653	6101362	6284403	6472935	6667123
YoY Change		165%	3%	3%	3%	3%	3%
Change Compared to 2019-20		165%	173%	182%	190%	199%	208%



Thus, AERA is requested to kindly review the figures mentioned in Table 5 of the Consultation Paper, and to please clarify on the methodology of the comparison of the figures in Table 5.

Furthermore, as it is projected as per Table 2 of the Consultation paper that the Traffic is likely to recover to the pre-pandemic level of 2019-20 only by sometime beyond 2025-26, may we request AERA's clarification on the 90% jump on the Administrative & General Expenditure, as well as the jump of 165% on the Repair and maintenance Cost (and ending up more than 3 times that of 2019-20 by 2025-26), in 2020-21. 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 re- 'negotiations 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:

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 AISATS response on M/s SpiceJet Comments regarding Operating Expenditures for the First Control Period:

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

##### 5.8.1. Depreciation Charges:

M/s SpiceJet Ltd. raised its concern that the company has charged depreciation of ₹ 50.36 lakhs in the first tariff year even though the Capital Expenditure is NIL in the same year. We would like to



bring it to your notice that the audited Written Down Value of CAPEX as on 31<sup>st</sup> March, 2021 is ₹ 285.76 lakhs. Even though any Capital Expenditure is not 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 ₹ 50.36 lakhs for the First Tariff Year i.e. FY 2021-22, as is evidenced from the above projection.

5.8.2. Payroll, Administrative & General Expenditure, Concession Fees and Repair & Maintenance Cost

M/s SpiceJet has raised its concern over the percentage increase in projection over the expenses. At the outset, we would like to highlight that the Payroll Costs and the Repairs & Maintenance Costs for the Tariff Year 4 and 5 which is considered by M/s SpiceJet Ltd. is incorrect. The Projection and its correct percentage is demonstrated below:

Particulars	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Payroll cost	52149446	51729678	57264676	57754440	52552158	59845517
Percentage Increase		-1%	11%	1%	-9%	14%
Administrative and General	30015435	6675119	6875372	7081633	7294082	7512905
Percentage Increase		-78%	3%	3%	3%	3%
Concession fees	3021326	5820100	6612390	6943010	7816707	8470815
Percentage Increase		93%	14%	5%	13%	8%
Repair and Maintenance cost	5751119	5923653	6101362	6284403	3250585	1688561
Percentage Increase		3%	3%	3%	-48%	-48%

There is no deviation with Table 5 of the Query raised by M/s SpiceJet. We would also like to highlight that in spite of projecting lower costs, the company is projecting losses in the first 3 years. 90% increase in Administration and General Expenses is mainly towards Bad Debts.

This is one-time expenses and is not factored in the projection.

165% increase in repair and maintenance from ₹ 21.66 lakhs to ₹ 57.51 lakhs is towards repair and maintenance of Ground Support Equipment which is in normal course.

Reference to the cost cutting measures, AISATS had taken necessary actions to bring its cost down. These include reduction in manpower costs, fuel costs, overhead costs, re-negotiation with airport operator on rentals and concession fee.

5.8.3. Royalty Charges

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.”

5.9 Authority’s Analysis regarding Stakeholders’ Comments on the Operating Expenditure for the First Control Period:

5.9.1. The Authority notes the comment of M/s. SpiceJet on projected increase in Operating Expenditure (charging of depreciation for first Tariff year) and the response of AISATS thereto and observes that AISATS is an existing player at Mangaluru Airport and not a new entrant at the airport as inferred by M/s SpiceJet. The Licence executed on 03.08.2021 is a new licence agreement signed between AISATS and Mangaluru International Airport Limited, after handing over of the Airport





by Airports Authority of India to new Airport Operator. Considering that AISATS has an opening RAB of ₹ 285.76 lakhs (for FY 2021-22), thus the depreciation charged for FY 2021-22 amounting to ₹ 50.36 lakhs is in order.

- 5.9.2. As regard to SpiceJet's comments regarding incorrect projection of growth rates for OPEX in Consultation Paper, the Authority notes that SpiceJet's comments are based on the initial MYTP submission (Form F3) of AISATS vide letter dated 25.11.2021 annexed to the Consultation Paper for reference. Whereas, the CP, including OPEX & Growth rates projected for OPEX (Table 5), were based on the revised MYTP submission made by AISATS on 25.02.2022. The growth rates indicated for projected OPEX in Table 5 of CP is correct.
- 5.9.3. As regard to SpiceJet's comments on Cost Cutting Measures by AISATS, the Authority notes the AISATS in its counter comments has given the details of cost cutting measures undertaken by the ISP to reduce operating costs and to improve operating efficiency.
- 5.9.4. In respect of M/s SpiceJet comment 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 is in accordance with the Concession Agreement executed between the Service Provider and the Airport Operator. As per the regulatory approach & guidelines, the royalty paid by the ISPs are treated as aeronautical revenues in the hands of Airport Operators; hence, such revenues directly contribute towards subsidizing aeronautical Tariff, levied by Airport Operators to the Airlines & ultimately benefiting the end Users. Further, the Authority considers that bidding process, based on which the Royalty Charges/ Concession Fee is levied on to the ISPs, is a non-regulatory issue and such matters may be dealt among the concerned Stakeholders at appropriate forums.
- 5.9.5. As regard to M/s SpiceJet's comment regarding the percentage of revenue shared by ISP with the Airport Operators, the Authority notes that as per the "Section 6" of Concession agreement, the ISP is required to share 45.5% of its Gross Revenue with Airport Operator.
- 5.9.6. The Authority, in respect of M/s SpiceJet's comments relating to steep increase in administrative expenses in FY 2020-21, sought specific clarification on the subject matter from AISATS. ISP vide email dated 19.05.2022 stated that the major portion of A&G expenses is towards bad debts. The ISP further added that they had provided services to M/s Jet Airways Pvt. Ltd. and a sum of ₹ 2.36 crores were due, however, M/s Jet Airways Pvt. Ltd. gone insolvent and subsequently, AISATS had filed the application with National Company Law Tribunal (NCLT) for the recovery of dues. NCLT has ordered that M/s Jet Airways Pvt. Ltd. would pay maximum of ₹ 15,000 to its each creditor. The outstanding dues from M/s Jet Airways Pvt. Ltd. at Mangalore Airport was ₹ 2.36 crores. In view of the petty amount receivable from M/s Jet Airways Pvt. Ltd., the company has written off the entire outstanding dues of ₹ 2.36 crores in its books.
- 5.9.7. As regard to comment of M/s SpiceJet and AISATS response on the higher R&M expenditure incurred by the ISP during FY 2020-21. AISATS vide email dated 19.05.2022 stated that the repairs and maintenance is towards Ground Support Equipment (GSE) at Mangalore location. The repairs are conducted as per the need and the state of Ground Support Equipment and as per the maintenance schedule of GSE. The projections for the Control Period are based upon the Repairs and Maintenance for FY 2020-21.



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

Based on the available facts and its analysis, the Authority proposes to consider OPEX for the First Control Period as per Table-4.



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## CHAPTER 6: ANNUAL TARIFF PROPOSAL

### AISATS Submissions on Annual Tariff Proposal for the First 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 Mangaluru International Airport for the First Control Period (FY 2021-22 to FY 2025-26) as given table below:

**Table 6: Tariff Rates proposed by AISATS for Schedule Flights for the First Control Period**

(Rates in ₹)

Aircraft Types	Maximum Tariff Rates for FY 2021-22							
	Scheduled Aircraft							
	Passenger						Freighter	
(ICAO Code)	Domestic Flight			International Flight			Domestic Flight	International Flight
	Pax.	Ramp	Comprehensive	Pax.	Ramp	Comprehensive		
CODE B	16,094	29,888	45,982	37,378	69,417	1,06,795	46,946	82,464
CODE C	20,117	37,361	57,478	55,974	1,03,953	1,59,927	1,83,065	3,21,564
CODE D	24,141	44,833	68,974	69,338	1,28,770	1,98,108	2,05,352	4,59,250
CODE E	44,258	82,194	1,26,452	77,742	1,44,379	2,22,121	2,61,448	4,59,250
CODE F	NA	NA	NA	NA	NA	NA	NA	NA

Aircraft Types	Maximum Tariff Rates for FY 2022-23							
	Scheduled Aircraft							
	Passenger						Freighter	
(ICAO Code)	Domestic Flight			International Flight			Domestic Flight	International Flight
	Pax.	Ramp	Comprehensive	Pax.	Ramp	Comprehensive		
CODE B	16,898	31,383	48,281	39,247	72,888	1,12,135	49,293	86,586
CODE C	21,123	39,229	60,352	58,773	1,09,150	1,67,923	1,92,217	3,37,642
CODE D	25,348	47,075	72,423	72,805	1,35,208	2,08,013	2,15,620	4,82,212
CODE E	46,471	86,304	1,32,775	81,629	1,51,598	2,33,227	2,74,521	4,82,212
CODE F	NA	NA	NA	NA	NA	NA	NA	NA

Aircraft Types	Maximum Tariff Rates for FY 2023-24							
	Scheduled Aircraft							
	Passenger						Freighter	
(ICAO Code)	Domestic Flight			International Flight			Domestic Flight	International Flight
	Pax.	Ramp	Comprehensive	Pax.	Ramp	Comprehensive		
CODE B	17,743	32,952	50,695	41,209	76,532	1,17,741	51,758	90,915
CODE C	22,179	41,190	63,369	61,712	1,14,608	1,76,320	2,01,828	3,54,524
CODE D	26,615	49,429	76,044	76,445	1,41,969	2,18,414	2,26,400	5,06,322
CODE E	48,795	90,618	1,39,413	85,711	1,59,177	2,44,888	2,88,247	5,06,322
CODE F	NA	NA	NA	NA	NA	NA	NA	NA



Aircraft Types	Maximum Tariff Rates for FY 2024-25							
	Scheduled Aircraft							
	Passenger						Freighter	
(ICAO Code)	Domestic Flight			International Flight			Domestic Flight	International Flight
	Pax.	Ramp	Comprehensive	Pax.	Ramp	Comprehensive		
CODE B	18,631	34,600	53,231	43,270	80,359	1,23,629	54,346	95,461
CODE C	23,288	43,250	66,538	64,797	1,20,338	1,85,135	2,11,920	3,72,250
CODE D	27,946	51,900	79,846	80,267	1,49,068	2,29,335	2,37,720	5,31,639
CODE E	51,234	95,150	1,46,384	89,997	1,67,136	2,57,133	3,02,660	5,31,639
CODE F	NA	NA	NA	NA	NA	NA	NA	NA

	Maximum Tariff Rates for FY 2025-26							
	Scheduled Aircraft							
	Passenger						Freighter	
(ICAO Code)	Domestic Flight			International Flight			Domestic Flight	International Flight
	Pax.	Ramp	Comprehensive	Pax.	Ramp	Comprehensive		
CODE B	19,562	36,329	55,891	45,434	84,377	1,29,811	57063	100234
CODE C	24,453	45,412	69,865	68,037	1,26,355	1,94,392	222516	390863
CODE D	29,343	54,495	83,838	84,281	1,56,521	2,40,802	249607	558220
CODE E	53,796	99,907	1,53,703	94,496	1,75,493	2,69,989	317792	558220
CODE F	NA	NA	NA	NA	NA	NA	NA	NA

**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



6.2 AISATS has also submitted separate Tariff Rate Card for Non-Schedule and General Aviation Operation(s) as per the table given below: -

**Table 7: Tariff Rates proposed by AISATS for Non-Scheduled Flights for the First Control Period**

(Rates in ₹)

Aircraft Types	Maximum Tariff Rates for FY 2021-22							
	Non-Scheduled Aircraft							
	Passenger						Freighter	
(ICAO Code)	Domestic Flight			International Flight			Domestic Flight	International Flight
	Pax.	Ramp	Comprehensive	Pax.	Ramp	Comprehensive		
CODE B	27,359	50,810	78,169	63,543	1,18,009	1,81,552	46,946	82,464
CODE C	34,200	63,513	97,713	95,157	1,76,719	2,71,876	1,83,065	3,21,564
CODE D	41,040	76,216	1,17,256	1,17,874	2,18,910	3,36,784	2,05,352	4,59,250
CODE E	75,239	1,39,729	2,14,968	1,32,162	2,45,444	3,77,606	2,61,448	4,59,250
CODE F	NA	NA	NA	NA	NA	NA	NA	NA

Aircraft Types	Maximum Tariff Rates for FY 2022-23							
	Non-Scheduled Aircraft							
	Passenger						Freighter	
(ICAO Code)	Domestic Flight			International Flight			Domestic Flight	International Flight
	Pax.	Ramp	Comprehensive	Pax.	Ramp	Comprehensive		
CODE B	28,727	53,351	82,078	66,721	1,23,910	1,90,631	49,293	86,586
CODE C	35,909	66,689	1,02,598	99,914	1,85,555	2,85,469	1,92,217	3,37,642
CODE D	43,092	80,027	1,23,119	1,23,768	2,29,854	3,53,622	2,15,620	4,82,212
CODE E	79,001	1,46,717	2,25,718	1,38,770	2,57,716	3,96,486	2,74,521	4,82,212
CODE F	NA	NA	NA	NA	NA	NA	NA	NA

Aircraft Types	Maximum Tariff Rates for FY 2023-24							
	Non-Scheduled Aircraft							
	Passenger						Freighter	
(ICAO Code)	Domestic Flight			International Flight			Domestic Flight	International Flight
	Pax.	Ramp	Comprehensive	Pax.	Ramp	Comprehensive		
CODE B	30,164	56,018	86,182	70,056	1,30,105	2,00,161	51,758	90,915
CODE C	37,705	70,023	1,07,728	1,04,910	1,94,833	2,99,743	2,01,828	3,54,524
CODE D	45,246	84,029	1,29,275	1,29,956	2,41,347	3,71,303	2,26,400	5,06,322
CODE E	82,951	1,54,052	2,37,003	1,45,709	2,70,602	4,16,311	2,88,247	5,06,322
CODE F	NA	NA	NA	NA	NA	NA	NA	NA



Aircraft Types	Maximum Tariff Rates for FY 2024-25							
	Non-Scheduled Aircraft							
	Passenger						Freighter	
(ICAO Code)	Domestic Flight			International Flight			Domestic Flight	International Flight
	Pax.	Ramp	Comprehensive	Pax.	Ramp	Comprehensive		
CODE B	31,672	58,819	90,491	73,559	1,36,610	2,10,169	54,346	95,461
CODE C	39,590	73,525	1,13,115	1,10,156	2,04,575	3,14,731	2,11,920	3,72,250
CODE D	47,509	88,230	1,35,739	1,36,454	2,53,414	3,89,868	2,37,720	5,31,639
CODE E	87,099	161755	2,48,854	1,52,994	2,84,132	4,37,126	3,02,660	5,31,639
CODE F	NA	NA	NA	NA	NA	NA	NA	NA

Aircraft Types	Maximum Tariff Rates for FY 2025-26							
	Non-Scheduled Aircraft							
	Passenger						Freighter	
(ICAO Code)	Domestic Flight			International Flight			Domestic Flight	International Flight
	Pax.	Ramp	Comprehensive	Pax.	Ramp	Comprehensive		
CODE B	33,255	61,760	95,015	77,237	1,43,440	2,20,677	57,063	1,00,234
CODE C	41,570	77,201	1,18,771	1,15,663	2,14,803	3,30,466	2,22,516	3,90,863
CODE D	49,884	92,642	1,42,526	1,43,277	2,66,085	4,09,362	2,49,607	5,58,220
CODE E	91,454	169842	2,61,296	1,60,644	2,98,338	4,58,982	3,17,792	5,58,220
CODE F	NA	NA	NA	NA	NA	NA	NA	NA

**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 ATP for the First Control Period at Consultation Stage:**

- 6.3 The Authority noted that in the case of Schedule Flights, the ISP has proposed a 5% YoY increase in Tariff from FY 2022-23 onwards as compared to Tariff Rates for FY 2021-22 (Refer Table 6).
- 6.4 The Authority also noted that AISATS has proposed a separate Tariff Rate card for Non-Scheduled Flights and proposed an increase of 5% YoY from FY 2022-23 onwards, when compared to Tariff Rates of FY 2021-22. (Refer Table 7).
- 6.5 The Authority had 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:
- Extra resources deployed;
  - Overtime paid to employees due to odd schedules; and
  - 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 proposes 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 15<sup>th</sup> 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 Tariff Rates for the First Control Period:**

M/s SpiceJet submitted the following comments on the Tariff Rates proposed for the First Control Period:

*"The tariff and rate of increase in tariff are very high, especially in the backdrop of COVID-19. 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 charges."*

#### **6.10 AISATS' response to M/s SpiceJet Comments regarding Tariff Rates for the First Control Period:**

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

*"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 Authority's Analysis regarding Stakeholders' Comments on Annual Tariff Proposal for the First Control Period:**

- 6.11.1. As regard to the comments of M/s SpiceJet on the proposed increase in Tariff, the Authority notes the comments of M/s AISATS that Tariff 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 GHE 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 cover up the projected losses in first three Tariff years and to meet the increase in operating costs. In view of the above, Tariff rates proposed by ISP seem reasonable.
- 6.11.2. The Authority further notes that at Mangaluru Airport, there are two players providing Ground Handling Services and it is expected that market competition will help in moderating Service Charges for the Users.

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

- 6.12.1. Based on the material before it, and its analysis, the Authority decides to adopt the Tariff Rates for Ground Handling Services provided by AISATS in respect of Scheduled Flights, International Non-Scheduled Flights for the First Control Period as per **Annexures (I & II)**.
- 6.12.2. The Authority decides that the Tariff Rates indicated in **Annexures (I & II)** shall be maximum Tariff to be charged. No other charge is to be levied over and above the approved Tariff Rates.
- 6.12.3. The Authority decides that Tariff for Domestic Non-Scheduled & General Aviation Operations shall not exceed the approved Tariff for relevant Domestic Scheduled Flights for similar class of Aircraft(s).
- 6.12.4. 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.
- 6.12.5. The Authority also decides that AISATS should ensure compliance towards Standardization of Ground Handling Equipment at Major Airports, in accordance with the directives issued by Ministry of Civil Aviation vide its letter no. AV-24011/10/2021-AAI-MOCA dated 01.11.2021.





## 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 First Control Period is as under:

Chapter	Para	Summary of Authority's Decisions	Page No.
Chapter No.2	2.6	The Authority decides to consider Tariff determination exercise of AISATS for providing Ground Handling Services at Mangaluru International Airport under " <b>Light Touch Approach</b> " for the First Control Period, as the regulated services is deemed ' <b>Not Material</b> '.	7
Chapter No. 3	3.7	The Authority decides to consider the Traffic Volume (Flights to be handled) for the First Control Period as per Table-2.	9
Chapter No. 4	4.7	The Authority decides to consider the CAPEX for the First Control Period as per Table-3.	11
Chapter No. 5	5.10	The Authority decides to consider the OPEX for the First Control Period as per Table-4.	18
Chapter No. 6	6.12.1	The Authority decides to adopt the Tariff Rates for Ground Handling Services provided by AISATS in respect of Scheduled Flights, International Non-Scheduled Flights for the First Control Period as per <b>Annexures (I &amp; II)</b> .	24
	6.12.2	The Authority decides that the Tariff Rates indicated in <b>Annexures (I &amp; II)</b> shall be maximum Tariff to be charged. No other charge is to be levied over and above the approved Tariff Rates.	
	6.12.3	The Authority decides that Tariff for Domestic Non-Scheduled & General Aviation Operations shall not exceed the approved Tariff for relevant Domestic Scheduled Flights for similar class of Aircraft(s).	
	6.12.4	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.	
	6.12.5	The Authority also decides that AISATS should ensure compliance towards Standardization of Ground Handling Equipment at Major Airports, in accordance with the directives issued by Ministry of Civil Aviation vide its letter no. AV-24011/10/2021-AAI-MOCA dated 01.11.2021.	




## 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 Mangaluru International Airport, Mangaluru is “**Not Material**”. Therefore, the Authority decides to adopt ‘**Light Touch Approach**’ for determination of Tariff for the First Control Period (FY 2021-22 to FY 2025-26).
- (ii) The Authority decides that the Tariff Rates indicated in **Annexure (I & II)** shall be maximum Tariff 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 & General Aviation Operations 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 15<sup>th</sup> of the month will be applicable for the second fortnight.
- (v) The Tariff determined herein are the ceiling rates, exclusive of taxes, if any.
- (vi) The Tariff Order shall be effective from **1<sup>st</sup> July, 2022**.
- (vii) The Authority also decides that AISATS, should ensure compliance of directives issued by Ministry of Civil Aviation vide its letter No. AV-24011/10/2021-AAI-MOCA dated 01.11.2021, on Standardization of Ground Handling Equipment at Major Airports.
- (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**  
16<sup>th</sup> Floor, Commerz II, International Business Park,  
Oberoi Garden City, Off Western Express highway,  
Goregaon (East), Mumbai - 400063  
(Through: **Shri Sanjay Gupta, Chief Financial Officer**)

Copy to:

1. Secretary, Ministry of Civil Aviation, Rajiv Gandhi Bhawan, Safdarjung Airport, New Delhi-110003.
2. Shri Ashutosh Chandra, Chief Airport Officer, Mangaluru International Airport Limited, Mangaluru International Airport, Bajpe Main Road, Kenjar HC, Karnataka - 574142



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

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

**REVISED TARIFF RATES ARE EFFECTIVE FROM 1<sup>ST</sup> JULY, 2022**

(Rates in ₹)

Aircraft Types	Maximum Tariff Rates for FY 2022-23							
	Scheduled Aircraft							
	Passenger						Freighter	
(ICAO Code)	Domestic Flight			International Flight			Domestic Flight	International Flight
	Pax.	Ramp	Comprehensive	Pax.	Ramp	Comprehensive		
CODE B	16,898	31,383	48,281	39,247	72,888	1,12,135	49,293	86,586
CODE C	21,123	39,229	60,352	58,773	1,09,150	1,67,923	1,92,217	3,37,642
CODE D	25,348	47,075	72,423	72,805	1,35,208	2,08,013	2,15,620	4,82,212
CODE E	46,471	86,304	1,32,775	81,629	1,51,598	2,33,227	2,74,521	4,82,212
CODE F	NA	NA	NA	NA	NA	NA	NA	NA

Aircraft Types	Maximum Tariff Rates for FY 2023-24							
	Scheduled Aircraft							
	Passenger						Freighter	
(ICAO Code)	Domestic Flight			International Flight			Domestic Flight	International Flight
	Pax.	Ramp	Comprehensive	Pax.	Ramp	Comprehensive		
CODE B	17,743	32,952	50,695	41,209	76,532	1,17,741	51,758	90,915
CODE C	22,179	41,190	63,369	61,712	1,14,608	1,76,320	2,01,828	3,54,524
CODE D	26,615	49,429	76,044	76,445	1,41,969	2,18,414	2,26,400	5,06,322
CODE E	48,795	90,618	1,39,413	85,711	1,59,177	2,44,888	2,88,247	5,06,322
CODE F	NA	NA	NA	NA	NA	NA	NA	NA

Aircraft Types	Maximum Tariff Rates for FY 2024-25							
	Scheduled Aircraft							
	Passenger						Freighter	
(ICAO Code)	Domestic Flight			International Flight			Domestic Flight	International Flight
	Pax.	Ramp	Comprehensive	Pax.	Ramp	Comprehensive		
CODE B	18,631	34,600	53,231	43,270	80,359	1,23,629	54,346	95,461
CODE C	23,288	43,250	66,538	64,797	1,20,338	1,85,135	2,11,920	3,72,250
CODE D	27,946	51,900	79,846	80,267	1,49,068	2,29,335	2,37,720	5,31,639
CODE E	51,234	95,150	1,46,384	89,997	1,67,136	2,57,133	3,02,660	5,31,639
CODE F	NA	NA	NA	NA	NA	NA	NA	NA



Maximum Tariff Rates for FY 2025-26								
Scheduled Aircraft								
Passenger							Freighter	
(ICAO Code)	Domestic Flight			International Flight			Domestic Flight	International Flight
	Pax.	Ramp	Comprehensive	Pax.	Ramp	Comprehensive		
CODE B	19,562	36,329	55,891	45,434	84,377	1,29,811	57063	100234
CODE C	24,453	45,412	69,865	68,037	1,26,355	1,94,392	222516	390863
CODE D	29,343	54,495	83,838	84,281	1,56,521	2,40,802	249607	558220
CODE E	53,796	99,907	1,53,703	94,496	1,75,493	2,69,989	317792	558220
CODE F	NA	NA	NA	NA	NA	NA	NA	NA

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

**Notes:**

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

भा.वि.आ.वि.प्रा.  
AERA



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

Maximum rates to be levied for International Non-Scheduled Flights  
for the First Control Period (FY 2021-22 to FY 2025-26)

**REVISED TARIFF RATES ARE EFFECTIVE FROM 1<sup>ST</sup> JULY, 2022**

(Rates in ₹)

Aircraft Types	Maximum Tariff Rates for FY 2022-23			
	Non-Scheduled Aircraft			
	Passenger			Freighter
(ICAO Code)	International Flight			International Flight
	Pax.	Ramp	Comprehensive	
CODE B	66,721	1,23,910	1,90,631	86,586
CODE C	99,914	1,85,555	2,85,469	3,37,642
CODE D	1,23,768	2,29,854	3,53,622	4,82,212
CODE E	1,38,770	2,57,716	3,96,486	4,82,212
CODE F	NA	NA	NA	NA

Aircraft Types	Maximum Tariff Rates for FY 2023-24			
	Non-Scheduled Aircraft			
	Passenger			Freighter
(ICAO Code)	International Flight			International Flight
	Pax.	Ramp	Comprehensive	
CODE B	70,056	1,30,105	2,00,161	90,915
CODE C	1,04,910	1,94,833	2,99,743	3,54,524
CODE D	1,29,956	2,41,347	3,71,303	5,06,322
CODE E	1,45,709	2,70,602	4,16,311	5,06,322
CODE F	NA	NA	NA	NA

Aircraft Types	Maximum Tariff Rates for FY 2024-25			
	Non-Scheduled Aircraft			
	Passenger			Freighter
(ICAO Code)	International Flight			International Flight
	Pax.	Ramp	Comprehensive	
CODE B	73,559	1,36,610	2,10,169	95,461
CODE C	1,10,156	2,04,575	3,14,731	3,72,250
CODE D	1,36,454	2,53,414	3,89,868	5,31,639
CODE E	1,52,994	2,84,132	4,37,126	5,31,639
CODE F	NA	NA	NA	NA



Aircraft Types	Maximum Tariff Rates for FY 2025-26			
	Non-Scheduled Aircraft			
	Passenger			Freighter
(ICAO Code)	International Flight			International Flight
	Pax.	Ramp	Comprehensive	
CODE B	77,237	1,43,440	2,20,677	1,00,234
CODE C	1,15,663	2,14,803	3,30,466	3,90,863
CODE D	1,43,277	2,66,085	4,09,362	5,58,220
CODE E	1,60,644	2,98,338	4,58,982	5,58,220
CODE F	NA	NA	NA	NA

**Notes:**

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

