

File No. AERA/20010 MYTP/ IOSPL /ITP/BLR/CP-III/2021-22

Order No. 16/ 2021-22



Airports Economic Regulatory Authority of India

**IN THE MATTER OF DETERMINATION OF
AERONAUTICAL TARIFF FOR M/S INDIAN OIL SKYTANKING PRIVATE
LIMITED (IOSPL) PROVIDING INTO PLANE SERVICES (ITP) AT
KEMPEGOWDA INTERNATIONAL AIRPORT, BANGALORE
FOR THE 3RD CONTROL PERIOD (FY 2021-22 TO FY 2025-26).**

Date of Issue: 15th September, 2021

AERA Building
Administrative Complex
Safdarjung Airport
New Delhi – 110003



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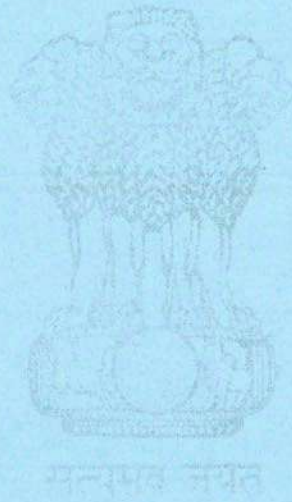
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List of Abbreviations

Abbreviation	Full Form
AAI	Airports Authority of India
ACS	Annual Compliance Statement
AERA	Airports Economic Regulatory Authority of India
ARR	Aggregate Revenue Requirement
ATM	Aircraft Traffic Movement
ATP	Annual Tariff Proposal
AUCC	Airport Users Consultative Committee
BPCL	Bharat Petroleum Corporation Limited
CAGR	Compounded Annual Growth Rate
CAPEX	Capital Expenditure
CGF	Cargo, Ground Handling & Fuel Throughput
DCF	Discounted Cash Flow
DDF	Dirt Defence Filters
FRoR	Fair Rate of Return
CSMIA	Chhatrapati Shivaji Maharaj International Airport
GoI	Government of India
GST	Goods and Services Tax
HD	Hydrant Dispensers
HPCL	Hindustan Petroleum Corporation Limited
IOCL	Indian Oil Corporation Limited
IOSPL	IndianOil Skytanking Private Limited
JIG	Joint Inspection Group
KL	Kiloliter
MAFFFPL	Mumbai Aviation Fuel Farm Facility Private Limited
MoCA	Ministry of Civil Aviation
MYTP	Multi-Year Tariff Proposal
NAR	Non-Aeronautical Revenue
OMCs	Oil-Marketing Companies
OPEX	Operating Expenditure
RAB	Regulatory Asset Base
RF	Re-fullers
ST	Skytanking Holding GmbH, Germany
UDF	User Development Fees
YOY	Year on Year
YPU	Yield Per Unit



CHAPTER 1. INTRODUCTION

1.1 Profile of the Service Provider

- 1.1.1 Indian Oil Skytanking Private Limited (IOSPL) is a Joint Venture of Indian Oil Corporation Limited (IOCL) and M/s Skytanking Holding GmbH, Germany (ST) with 50:50 equity participation. IOSPL was incorporated on 21st August 2006 and involved in implementing Open Access Model in Fuel Farm Operations and Single Man Refueling in India.
- 1.1.2 Indian Oil Skytanking Private Limited (IOSPL) is in the business of providing Into Plane Services to Airlines on behalf of the suppliers and commenced operations at Kempegowda International Airport, Bangalore in 2008. This was enabled by Service Provider Right Holder (SPRH) Agreement between Bangalore International Airport Limited (BIAL) and Indian Oil Skytanking Private Limited (IOSPL) Bangalore which was valid till 23rd May 2018. This was subsequently extended for (01) one additional year. BIAL conducted a global competitive bidding process and selected M/s. Bharat Stars Services as one of the ITP operators. Since IOSPL had a dual role of fuel farm operator and ITP agent, in line with existing contractual agreements, it was offered to match the terms and rates of the selected ITP Agent. Subsequently, IOSPL and BIAL executed a new SPRH agreement for ITP Services at Bangalore for a period of 10 years on 21st March 2019, which came into effect from 24th May 2019 and is valid up to 23rd May 2029.
- 1.1.3 IOSPL, Bangalore has submitted the “Business plan for Bangalore ITP Services” for FY 2021-22 to FY 2025-26. Further, IOSPL has the following assets as on 31st March 2021 as given below:

Table 1: Technical Details of IOSPL, Bangalore

Refuelling Equipments	Nos.
Aircraft Hydrant dispensers	19
Aircraft Refuellers	4
Total	23

- 1.1.4 M/s Indian Oil Skytanking Private Limited (IOSPL), Bangalore submitted, the Multi-Year Tariff Proposal (MYTP) for the 3rd Control Period (FY 2021-22 to FY 2025-26) on 15th December 2020 under “Light Touch Approach”.

1.2 Background of the Tariff Determination Exercise

- 1.2.1 The Authority vide its Order No 05/2017-18 dated 12.06.2017 determined Annual Tariffs for first 3 tariff years i.e., FY 2016-17, FY 2017-18 and FY 2018-19 (up to 23.05.2018) for the second control period under ‘Light Touch Approach’ as the concession agreement of IOSPL with BIAL was valid up to 23.05.2018. This concession agreement was further extended by one year (i.e., up to 23.05.2019) and then for a period of 10 years which is valid up to 23.05.2029.
- 1.2.2 The Authority further vide Order No 24/2018-19 dated 10.10.2018 determined the tariff for the remaining period of FY 2018-19 (from 24.05.2018 to 31.03.2019) and FY 2019-20 (from 01.04.2019 to 23.05.2019) of the second control period under ‘Light Touch Approach’. The Authority vide Order No.05/2019-20 dated 22.5.2019 extended the existing tariff up to 30.09.2019 and further vide order No.06/2019-20 dated 26.9.2019 extended the same tariff up



to 31.03.2020 or till determination of tariff whichever is earlier.

- 1.2.3 Subsequently, the Authority vide Order No. 16/2019-20 dated 13.11.2019 had determined the tariff for FY 2019-20 applicable from 20.11.2019 and FY 2020-21 for the 2nd Control Period. Further, the Authority vide its Order No.67/2020-21 dated 25.03.2020, extended the same tariff up to 30.09.2021 or till determination of tariff for 3rd control period whichever is earlier.

1.3 Steps involved in Determination of Tariff for IOSPL, Bangalore

- 1.3.1 IOSPL, Bangalore submitted the audited annual accounts for FY 2016-17 to FY 2019-20 for its standalone operations of IOSPL as a whole, Segmented Revenue and profitability Statements for FY 2016-17 to FY 2019-20 for IOSPL, Bangalore Unit, Minutes of the stakeholders meeting held on 21st December, 2020 and Regulatory filing as per AERA CGF Guidelines, information on assets wise and year wise Capital expenditure, Other income, copy of User Agreements for BLR ITP Service etc. in response to queries raised by AERA vide e-mails from 24th December 2020 to 4th April, 2021 as part of the tariff determination process.
- 1.3.2 As per the terms and conditions of SPRH agreement with the Airport operator i.e. BIAL, IOSPL, Bangalore has projected the Airport Operator Fees 23.6% of its revenue from Into Plane Services rendered at Bangalore whereas the Authority has proposed the Airport Operator Fees @ 5% of the Aeronautical revenue based on AERA Order No. 01/2018-19 dated 5th April 2018 on Capping the amount of Royalty licence Fee / Revenue Share payable to Airport Operator as a "pass through" expenditure for the Independent Service Providers providing Cargo Facility, Ground handling, Supply of Fuel to Aircrafts at Major Airports.
- 1.3.3 IOSPL also submitted the additional financial and non-financial information, clarifications, guidelines, tender document and court orders' copies required by AERA from time to time.
- 1.3.4 Virtual Airport User Consultation Committee (AUCC) meeting with the users / stakeholders for Tariff Revision of IOSPL rendering Into Plane Services at Kempegowda International Airport for the 3rd Control Period held on 21st December, 2020 at KIA, Bangalore. Invitation for the virtual meeting was sent to 13 stakeholders/ organizations including 3 airlines, however out of 3 airlines, the representatives from one airline i.e. Indigo attended the meeting. As per the 'Minutes' of the AUCC meeting dated 21st December, 2020, some of the stakeholders raised certain issues relating to the investment proposed in the previous stakeholders meeting, percentage division of fuel volumes between international and domestic ATM and its impact on tariff, cost saving measures taken by IOSPL and any representations made by IOSPL to state government to reduce the VAT on ATF etc. Further, none of the stakeholders raised any query on tariff hike proposed by IOSPL, Bangalore.
- 1.3.5 The Authority reviewed the submissions made by IOSPL Bangalore for the 3rd Control Period with respect to various building blocks. The Authority's position on various building blocks is based on its regulatory philosophy and guidelines issued from time to time and also on the submission made by IOSPL.
- 1.3.6 Post analysis and discussion on various building blocks, the Authority issued its Consultation Paper no.03/2021-22 dated 7th May,2021 inviting suggestions/comments from the stakeholders on various building blocks as the proposals of the Authority with the following timelines:

- Date of Issue of the Consultation Paper: 7th May 2021.



- Date for submission of written comments by Stakeholders: 17th June 2021.
- Date for submission of counter comments: 27th June 2021.

The Consultation Paper issued by the Authority on 07.05.2021 was published on the AERA website. The Authority on request of stakeholders has further extended the last date of submission of comments and counter comments from 07.06.2021 and 17.06.2021 to 17.06.2021 and 27.06.2021 respectively. Thus, the consultation process was concluded with the receipt of counter comments from IOSPL on Stakeholder's views on 27.06.2021.

- 1.3.7 The following Stakeholders submitted their comments on the Consultation Paper no. 03/2021-22:

Sl. No.	Stakeholders
1.	M/s Bangalore International Airport Limited (BIAL)
2.	M/s International Air Transport Association (IATA)
3.	M/s Indian Oil Skytanking Private Limited (IOSPL)
4.	M/s Bharat Petroleum Corporation Limited (BPCL)
5.	M/s Hindustan Petroleum Corporation Limited (HPCL)

All the written comments submitted by the Stakeholders are also available on the AERA website.

- 1.3.8 The Authority examined the submission of IOSPL, and the comments of various stakeholders and after considering all the relevant aspects, has finalized this Tariff Order.
- 1.3.9 The Tariff Order is structured in a manner wherein under each regulatory building block, the submission made by IOSPL in the MYTP is listed out, followed by the Authority's examination and proposals for the 3rd Control Period in the Consultation Paper. The same is followed by the comments by the various stakeholders and counter comments by IOSPL, Bangalore, followed by the Authority's examination and final decision on the subject matter.

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CHAPTER 2. TARIFF SETTING PRINCIPLES

2.1 Background

2.1.1 According to Section 2 (a) of AERA Act, 2008 "Aeronautical Service" means any service provided-

- (i) for navigation, surveillance and supportive communication thereto for air traffic management;
- (ii) for the landing, housing or parking of an aircraft or any other ground facility offered in connection with aircraft operations at an airport;
- (iii) for ground safety services at an airport;
- (iv) for ground handling services relating to aircraft, passengers and cargo at an airport;
- (v) for the cargo facility at an airport;
- (vi) for supplying fuel to the aircraft at an airport; and
- (vii) for a stake-holder at an airport, for which the charges, in the opinion of the Central Government for the reasons to be recorded in writing, may be determined by the Authority.

2.2 Tariff Setting Principles

2.2.1 The Authority vide its Order No. 12/2010-11 dated 10th January, 2011 and Direction No. 4/2010-11 dated 28th February, 2011 ("CGF Guidelines"), had issued Guidelines under Section 15 of the AERA Act, 2008 and the amendments issued from time to time, to determine tariffs for ISP's providing aeronautical services at 'major airports' based on set procedures for determination of Aggregate Revenue Requirement (ARR) for regulated service(s) deemed 'Materiality Assessment', 'Competition Assessment' and 'User agreement(s) between the Service Provider(s) and User(s) of the Regulated Service(s)'. As stipulated in Clause 3 of the guidelines, the Authority shall follow a three stage process for determining its approach for the regulation of regulated service.

Stage-I: Materiality Index

The Materiality Index (MI) of Fuel Throughput at Bangalore airport is as under:

$$= \frac{\text{Fuel Throughput in Kiloliters at Bangalore Airport}}{\text{Total Fuel Throughput in Kiloliters at all Major Airports}} \times 100$$

$$\text{Fuel Throughput at Bangalore Airport} = \frac{816754}{8697575} \times 100 = 9.39\%$$

2.2.2 Based on IOSPL Bangalore submission, materiality index (based on the fuel throughput at Kempegowda International Airport, Bangalore in comparison to fuel throughput at other major airports) is 9.39% in FY 2019-20 which is more than 5% materiality index fixed for assessing the materiality of the subject regulated service as per clause 4(2)(ii) of "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". Hence the regulated service is deemed as 'Material' for the 3rd control period.

Stage-II: Competition Assessment:

2.2.3 As per IOSPL, Bangalore's submissions there are two ITP service providers i.e. BSSPL & IOSPL at Kempegowda International Airport, Bangalore. Hence, the ITP service provided by IOSPL, Bangalore deemed as "Competitive" at Bangalore Airport.



Stage-III: Reasonability of User Agreement:

- 2.2.4 IOSPL, Bangalore submitted copy of the User Agreements with Hindustan Petroleum Corporation Limited (HPCL), Indian Oil Corporation Limited (IOCL), Reliance Industries and agreements with InterGlobe Aviation limited (Indigo) & Spice Jet airlines. M/s IOSPL, Bangalore signed an agreement with only two airlines i.e. InterGlobe Aviation limited (Indigo) and Spice Jet on 31st December 2013 and 16th July 2013 respectively for ITP services with a validity of 10 years. Further, IOSPL also signed an agreement with Reliance Industries for refueling/defueling of aircraft at KIA, Bangalore on 4th June 2019 and is valid for 10 years.
- 2.2.5 The Authority vide Consultation Paper No 06&08/2019-20 dated 13.09.2019 and 19.09.2019 respectively, regarding ITP services providing by BSSPL at Bangalore International Airport (BIAL) stated and shall be read as:
- “The Service providers IOSPL & BSSPL are promoted by two Oil Marketing Companies viz. BPCL and IOCL, and, both the companies mainly cater to their own clients, hence, in real terms, there is no competition as ITP Service providers. However, the Authority, vide its Order No. 01/20 17-18 dated 17.04.2017 has already decided to determine the tariff under "light touch approach" for the 2nd Control Period. Therefore, the Authority, has decided to determine the tariff of the remaining period of the 2 Control Periods under 'light touch approach'. Notwithstanding the above, the Authority's considered view is that since there is no competition in real term between the two ISP's, hence, from 3rd Control Period, the Authority should be inclined to determine the tariff of Into Plane (ITP) service provider under "price cap approach.”*
- 2.2.6 The Authority noted that IOSPL, Bangalore has been promoted by the Oil Marketing Company i.e. IOCL and caters mainly to IOCL who is its promoter, hence, in real terms, there is no competition as ITP Service providers. Further, based on reasoning given in Para 2.2.5 above, the Authority is of the view that the tariff of IOSPL, Bangalore for 3rd Control Period to be determine under "Price Cap Approach.”
- 2.2.7 The Authority has reviewed the MYTP by OSPL, Bangalore, based on guiding principles of AERA's CGF Guidelines 2011 relating to 'competition assessment' and 'reasonableness of User Agreement' and observed that, IOSPL, Bangalore is providing ITP services to Airlines on behalf of the Oil Marketing Companies (OMCs) without any user agreement directly with the airlines. The Authority further noted that both the ITP service providers i.e. BSSPL and IOSPL at Bangalore, primarily caters the clients of IOCL and BPCL as a principal service providers, only some portion of their business is generated from other client such as HPCL etc. Hence, it is observed that in real terms there is no competition.
- 2.2.8 The Authority also noted that IOSPL has an agreement with two Airlines i.e. InterGlobe Aviation limited (Indigo) and Spice Jet airlines and observed that as per Agreement IOSPL, Bangalore has been appointed as an agent to provide ITP services at the Airport to these airlines and such services are to be provided in accordance with the Operations and Quality Control Manual. The Authority also noted that presently, about 33 airlines are operating from Kempegowda International Airport, Bangalore.
- 2.2.9 The Authority also noted that IOSPL has agreements with only 2 airlines i.e. InterGlobe Aviation limited (Indigo) and Spice Jet airlines out of 33 airlines which are presently operating from Kempegowda International Airport, Bangalore.



2.2.10 IOSPL, Bangalore is carrying only the regulated ITP service at Kempegowda International Airport, Bangalore. Further as per the User agreements with the users of ITP service, IOSPL, Bangalore is entrusted to carry out only the regulated service. As per the annual accounts of IOSPL, Bangalore, the service provider does not have other source of revenue except meager revenue from bank deposits. Thus the income generated from surplus cash, fundamentally has no relationship with any other kind of service. Therefore, the Authority decided to adopt Price Cap Approach under 'Single Till' methodology which will be more appropriate and reasonable for tariff determination of IOSPL, Bangalore for providing ITP service. The Authority also proposes to consider the entire other income as recorded as 'Other Income' as NAR for cross subsidizing the main revenue in the interest of all the stakeholders/users.

2.3 Methodology for determining Aggregate Revenue Requirement (ARR)

2.3.1 The Aggregate Revenue Requirement (ARR) under the regulatory framework of the Authority is calculated as under:

$$ARR = \sum_{t=1}^5 ARR_t$$
$$ARR_t = (FRoR \times RAB_t) + D_t + O_t + T_t - NAR_t$$

Where,

t is the tariff year in the control period, ranging from 1 to 5

ARR_t is the Aggregate Revenue Requirement for tariff year 't'

FRoR is the Fair Rate of Return for the Control Period

RAB_t is the Aeronautical Regulatory Asset Base for tariff year 't'

D_t is the Depreciation corresponding to the Regulatory Asset Base for tariff year 't'

O_t is the Aeronautical Operation and Maintenance expenditure for the tariff year 't'

T_t is the Aeronautical taxation expense for the tariff year 't'

NAR_t is the Non-Aeronautical Revenue in tariff year 't'.

2.3.2 The present value of total aeronautical revenue that is estimated to be realized each year during the Control Period at proposed tariff levels is compared with the present value of the ARR during the Control Period. In case the present value of estimated aeronautical revenue during the Control Period is lower than the present value of ARR, the Regulatory entity may opt to increase the proposed tariff. In case the present value of estimated aeronautical revenue is higher than the present value of the ARR then the Regulatory entity will have to reduce its proposed tariff.

2.3.3 All the figures presented in this Tariff Order, have been rounded off up to two decimals.

2.4 Stakeholders' Comments regarding Tariff Setting Principles for the 3rd Control Period:

BPCL's Comments on Tariff Setting Principles for the 3rd Control Period:

2.4.1 BPCL has submitted that there are two ITP Service providers at Bangalore International Airport that is BSSPL (Bharat Star Services Pvt Ltd) & IOSPL (Indian Oil Skytanking Pvt Ltd.), ITP services at the Airport should continue to be deemed as 'Competitive'. It may be clarified that



there is already a competition for the share of various ATF Suppliers and the competition will further intensify in ITP services in future as the Aviation industry is getting more competitive and mature. This is also contrary to the AERA guideline issued previously as both the ITP service providers had come through competitive bidding process only and there is a competition to acquire business from the OMCs (Oil Marketing Companies). It is thus requested to continue considering the ITP services at Kempegowda International Airport, Bangalore as 'Competitive'

- 2.4.2 BPCL has further submitted that the ITP service at KIA, Bangalore is requested to be considered as 'Competitive' there should be no reason for change to 'Price Cap' mechanism in the 3rd Control Period from the existing 'Light Touch approach'. This will also be in sync with AERA guideline and the mechanism adopted so far in 1st & 2nd control period i.e. 'Light Touch approach' should continue for the 3rd Control Period as well.

BIAL's Comments on Tariff Setting Principles for the 3rd Control Period:

- 2.4.3 BIAL wishes to submit that the selection of ITP service provider at KIAB, is through a competitive tender based on a set of clearly defined financial and technical evaluation criteria. BIAL has an open access fuel farm and provides option of two ITP service providers to fuel suppliers/ airlines to ensure competition. The fuel suppliers at KIAB are free to choose between the two appointed ITP service providers. Further, if the total cost of fuel to the end customer-airlines, is uncompetitive due to ITP charges, then airlines can change the fuel supplier and the ITP service provider. The fuel suppliers/ airlines are free to negotiate and choose the ITP service provider based on the dynamic fuel price associated with volumetric discounts. The competition should not be determined basis the client being served but rather the price of the service being delivered and whether the end users - airlines, have the choice to choose the service provider. The fuel supplier can always negotiate with the ITP service provider to provide a competitive price while maintaining a minimum service delivery quality. Under the above cited circumstances, BIAL believes that it would be not be appropriate to consider a change in the regulatory methodology, under the current uncertain phase.

- 2.4.4 BIAL, therefore requests the Authority to reconsider the "Price Cap" approach and continue with the "Light Touch "approach, as we believe that this approach is appropriate for greenfield airports like BIAL and considering the fact competitive tender process was followed for selection of the service provider and that there are more than one service provider available at KIAB for serving the end customer: airlines.

IATA's Comments on Tariff Setting Principles for the 3rd Control Period:

- 2.4.5 IATA has submitted that we appreciate what AERA has done to scrutinize the proposal by IOSPL and the decision to introduce price-cap approach for tariff determination in the 3rd control period.

IOSPL, Bangalore's Comments on Tariff Setting Principles for the 3rd Control Period:

- 2.4.6 IOSPL has submitted that In addition to the customers listed above IOSPL also has a user agreement with Shell MRPL. A copy of this agreement has already been provided to AERA and is again submitting the same (Attached as Annexure I). While IOSL has agreements with two airlines, during the period of 1st April 2020 to 4th June 2021, IOSL has refuelled aircrafts of 78 different airlines, cargo carriers and Non-Scheduled operators at Bangalore Airport. Furthermore, IOSL refuels flights of Scheduled domestic and international airlines on a



routine basis. The service is being provided to the airlines on behalf of the Oil Marketing Companies without any user agreement directly with airlines.

- 2.4.7 It has been contended by the Authority that we are providing ITP Service to Airlines on behalf of the Oil Marketing Companies without any User Agreement with the Airlines. We have entered into User Agreements with Airlines at airports where they have positioned product for their captive consumption. At Bangalore airport, the airlines are not sourcing product on their own due reasons not known to IOSPL. Should they intend to source their own product, they would be required to enter into User Agreement for ITP Services of their choice. Furthermore, the user agreements with Airlines are subject to commercial arrangement between Suppliers and Airlines which are confidential to them. As per their current commercial agreements, in line with IATA Model Fuel Supply Agreement, the title to and risk of loss of product passes from the Supplier to the Airline only when the product passes through the inlet flange of the wing tip. In other words, the title of product is assumed by the airline only when the product is delivered into the aircraft wings. Thus, the Suppliers enter into user agreements and not the airlines. The airlines are free to approach the ITP Service providers to avail the services as per the provisions of the SPRH Agreement.
- 2.4.8 In accordance with the Authority's Order No. 12/2010-11 dated 10th January 2011 and Direction No. 4/2010-11 dated 28th Feb 2011 (CGF Guidelines) a regulated service shall be deemed to be competitive when it is provided by two or more Service Providers. It also provides for the Authority to consider other additional evidence in its discretion regarding reasonableness of competition, as it may deem fit. In view of above-mentioned business dynamics under which this service availed by the users, the discretion exercised by the Authority in considering the aspects of ISP catering mainly to promoter Oil Companies clients or not entering into User Agreements with airlines is grossly inappropriate, speculative, and unjustified. Thus, the Authority is deviating from its own guidelines with regards to the Competitive criteria.
- 2.4.9 The Authority has established at Stage I that the service is material in nature and at Stage II deemed it to be Competitive. In accordance with Clause 3.2 of the CGF Guidelines 2011, when a regulated service is deemed to be 'material but competitive' the tariff determination shall be on a "Light Touch approach" for the duration of the Control period in accordance with provisions of Chapter V of the Guideline.
- 2.4.10 IOSPL has also sought the Legal Opinion of M/s Link Legal, Advocates on the correctness of AERA's proposal to adopt the 'price cap' approach for Mumbai ITP Services. Link Legal, vide their opinion dated April 26, 2021, has reinforced IOSPL's position that the approach adopted by AERA was not in consonance with the CGF Guidelines and that AERA should have proposed to adopt the 'Light Touch approach'. The same Legal Opinion is applicable for BLR ITP Services as well.
- 2.4.11 The contractual arrangements IOSL has had in place with its counterparties have not changed since the commencement of ITP services in Bangalore since 2008. Neither has any other market condition changed with the exception of varying market share of ITP Agents. In this situation wherein no change in ground realities has taken place, if AERA determined tariffs under "Light Touch approach" in the 1st and 2nd control period, then the same practice should also continue in the 3rd control period.



2.4.12 The proposed single till mechanism should not be applicable, as the Authority should consider tariff determination under the 'Light Touch approach' as the Regulated Service in question is 'material and competitive' as admitted in the CP in accordance with provisions of the CGF Guideline 2011 and the reasonableness of the user agreements stands justified under the 2011 Guidelines.

2.4.13 IOSPL has further submitted that the tariffs to be considered under "Light touch approach" as compared to "Price Cap approach" proposed by the Authority. IOSL has sufficiently demonstrated that its services are competitive from the point of view of AERA Guidelines and other relevant factors explained in our comments and the Legal opinions.

2.5 IOSPL, Bangalore's counter comments and response to stakeholders' comments regarding Tariff Setting Principles for the 3rd Control Period:

IOSPL, Bangalore's response to BPCL's Comments regarding Tariff Setting Principles for the 3rd Control Period:

2.5.1 IOSPL, Bangalore, in response to BPCL's Comments, has submitted that they strongly believe that pricing parity should exist for the same service at the same location. Furthermore, the opinion of M/s Link Legal and the Solicitor General of India which was submitted by the company as part of letter to AERA dated 15th June 2021 clearly states that AERA guidelines must be followed in letter and spirit. If the AERA guidelines are followed as it is, then the tariff determination should be done under "Light Touch Approach" as the services are provided by two ISP's and therefore deemed competitive.

IOSPL, Bangalore's response to IATA's Comments regarding Tariff Setting Principles for the 3rd Control Period:

2.5.2 IOSPL, Bangalore has stated that IndianOil Skytanking is an integral part of the aviation ecosystem in India and serves domestic, international, and non-scheduled passenger and cargo airlines. The financial difficulties brought upon by COVID-19 are not only limited to airlines as stated by IATA but have impacted Independent Service Providers as well. The tariff submissions made by the company to AERA are in line with the regulatory approach and therefore a tariff hike was necessary as an outcome of the regulatory building blocks approach.

IOSPL, Bangalore's response to BIAL's Comments regarding Tariff Setting Principles for the 3rd Control Period:

2.5.3 IOSPL, Bangalore has stated that the fundamentals of conducting the ITP Business at Bangalore International Airport have not changed since the startup of the airport in 2008 as there have been two ISP's providing the service since then. We agree with the comments of BIAL that it is unreasonable to change the regulatory approach to "Price Cap" from "Light Touch" while the competition has not undergone any change.

2.6 Authority's examination and decisions regarding Tariff Setting Principles for the 3rd Control Period:

2.6.1 The Authority noted the comments of BPCL stating that at present there are two ITP Service providers at Bangalore International Airport that is BSSPL (Bharat Star Services Pvt Ltd) & IOSPL (Indian Oil Skytanking Pvt Ltd.), ITP services at the Airport should continue to be deemed as 'Competitive'. It may be clarified that there is already a competition for the share of



various ATF Suppliers and the competition will further intensify in ITP services in future as the Aviation industry is getting more competitive and mature. The Authority, therefore, is of the considered view that, at present there are two ITP Service providers at Bangalore International Airport and both are catering to their promoter Oil Marketing Companies, hence there is no competition in real terms.

- 2.6.2 The Authority observed the comments of BIAL stating that the fuel suppliers at KIAB are free to choose between the two appointed ITP service providers. Further, if the total cost of fuel to the end customer- airlines, is uncompetitive due to ITP charges, then airlines can change the fuel supplier and the ITP service provider. In this regards the Authority has highlighted in the consultation paper that IOSPL, Bangalore has been promoted by the Oil Marketing Company IOCL and is providing ITP services to the Airlines on behalf of the Oil Marketing Company without any user agreement directly with the airlines except where the Airlines have positioned product only for their captive consumption. Further IOSPL, Bangalore primarily caters the clients of IOCL, and, only some portion of their business is generated from other clients such as HPCL etc. The Authority, therefore, is of the considered view that there is competition in real terms at KIAB.
- 2.6.3 The Authority also examined the Legal Opinions furnished by IOSPL, Bangalore with regard to the correctness and the legality of AERA's proposal to adopt the 'Price Cap' method for determination of aeronautical tariffs in the case of IOSPL at KIA, Bangalore and noted that in both legal opinions (by M/s Link Legal, Advocates and the Solicitor General of India), stress has been given on the compliance with the CGF Guidelines. It is clarified that merely presence of two ITP service providers does not mean competition and it can be seen that there is no competition in real sense at KIA, Bangalore as IOSPL, Bangalore is catering to its promoter oil marketing company i.e., IOCL.
- 2.6.4 The Authority also viewed the Hon'ble TDSAT Judgment dated 27.09.2019 of "Delhi Aviation Fuel Facility Pvt. Ltd. (DAFFPL) Vs. Airports Economic Authority of India" on the issue of adoption of Tariff Determination Approach by AERA and about the issue of user agreements. The relevant extracts of TDSAT Judgment (Para 19 of the Judgment) with regards to users of the regulated services are as under:

Para 19. On behalf of the appellant, it was emphasized that Clause 6 requires User Agreement between the service provider and all the users of the regulated services but not with the end users like the Airlines. The meaning and extent of the word "users" and the phrase "all the users", in the present context shall include all the users of the service broadly described in the CGF Guidelines as "supply of fuel to aircrafts". This service is definitely used and paid for by the user Airlines through the oil companies, the users of storage facility of the appellant. Hence, the term "all the users of the regulated services" covered by the Guidelines; in our considered opinion will include the user Airlines also.

- 2.6.5 The Authority noted that IOSPL, Bangalore is although having user Agreements with Oil Marketing Companies (OMCs) but not with user Airlines (except with 2 airlines i.e InterGlobe Aviation limited (Indigo) & Spice Jet airlines that too for for their captive consumption whereas as per IOSL, they refuel 25 Scheduled domestic and international airlines on a routine basis. The Authority also noted that in its submission IOSPL, Bangalore has agreed that the service provider is providing ITP services to the Airlines on behalf of the Oil Marketing



Companies without any user agreement directly with the airlines.

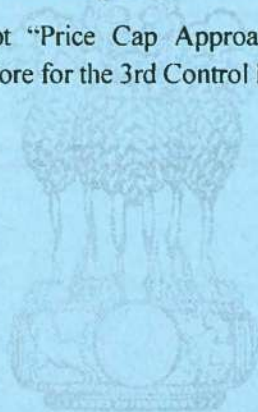
2.6.6 The Authority has also taken into consideration the views of IATA supporting "Price Cap Approach" for tariff determination for the 3rd control period.

2.6.7 The Authority examined the comments of IOSPL, Bangalore on non-applicability of Single Till and use of "Light Touch Approach" for tariff determination on this issue. The Authority has already taken a considered view that there is no competition in real terms at KIA, Bangalore and therefore clarifies that in future when the ITP service providers get their business by competing with each other at KIA, Bangalore, the Authority will review the issue appropriately. The Authority has therefore decided that the tariff of IOSPL, Bangalore for 3rd Control Period is to be determined under "Price Cap Approach on 'Single Till' basis.

2.7 Authority's Decision regarding Tariff Setting Principles for the 3rd Control Period

Based on the material before it and its analysis, the Authority has decided the following:

2.7.1 The Authority decides to adopt "Price Cap Approach" on 'Single Till' basis for Tariff determination for IOSPL, Bangalore for the 3rd Control Period.



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CHAPTER 3. FUEL THROUGHPUT FORECAST

3.1 IOSPL, Bangalore's submission on Fuel Throughput Forecast for the 3rd Control Period as part of MYTP.

3.1.1 The projected Fuel Throughput (Volume) as per the MYTP of IOSPL, Bangalore for the 3rd control period is given below:

Table 2: Projected Fuel Throughput during the 3rd Control Period as per IOSPL, Bangalore

Year	Fuel Throughput (KL in lakhs)			% Change over Previous Year		
	Domestic Flights	International Flights	Total	Domestic Flights	International Flights	Total
2019-20	1.47	3.56	5.03	---	---	---
2021-22*	1.66	2.29	3.95	12.92*	-35.63*	-21.45*
2022-23	1.99	2.75	4.74	20.00	20.00	20.00
2023-24	2.19	3.02	5.21	10.00	10.00	10.00
2024-25	2.30	3.17	5.47	5.00	5.00	5.00
2025-26	2.34	3.24	5.58	2.00	2.00	2.00

*% Change over 2019-20

3.1.2 As per the submission of IOSPL, Bangalore the projections of ITP volumes are dependent on various factors including:

- The type of aircraft
- The sector
- Alternate airport
- Rate of fuel at airport
- Applicable Tax rates
- Flights uplifting the fuel as some flights do not uplift fuel

3.1.3 As per the virtual presentation made by IOSPL, Bangalore to the stakeholders on Tariff Proposal for 3rd Control Period (FY22-26) on 21 December, 2020, IOSPL, Bangalore has stated that the following assumptions have been considered for projecting the Fuel Throughput for the 3rd control period:

- Fuel Volumes associated with International flights are likely to recover to Pre-Covid levels by 2023-24, as per various sources such as IATA, CAPA etc
- Business travel to be negatively impacted in the long term as more companies rely on e-meetings & video conferencing.
- Visiting friends and family (VFR) and Leisure travel full recovery linked to vaccine
- 2nd or 3rd waves or lockdowns could impact domestic & International volumes
- Airlines are likely to phase out older aircrafts and replace them with more narrow body and newer, more fuel-efficient aircraft.
- IOSPL's market share is likely to range between 61-63% in the 3rd Control period.
- Pre-Covid volume levels are reached in starting of FY24



3.2 Authority's examination regarding Fuel Throughput Forecast for the 3rd Control Period at Consultation stage:

3.2.1 The Authority observed that the assumptions of Fuel Throughput Volume of IOSPL are based on a combination of factors (refer para 3.1.2 above). However, the historical data of actual fuel throughput of IOSPL, Bangalore, for the period from FY 2016-17 to FY 2019-20 (4 years CAGR) shows a decline of 0.7% in fuel throughput volumes. Further, by including FY 2020-21 (pandemic year), the 5 years CAGR figure gets distorted since it shows a drastic decline of 12.3% in the volumes (refer Table 3 below).

3.2.2 The actual Fuel Throughput of IOSPL, Bangalore for the FY 2016-17 to FY 2019-20 and estimated data for the FY 2020-21 as well as CAGR for first 4 years and for 5 years of 2nd control period is given below:

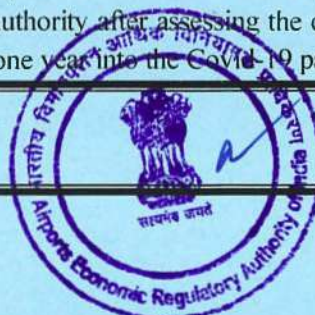
Table 3 : Actual (FY 2015-16 to FY 2019-20) & Estimated (FY 2020-21) Fuel Throughput submitted by IOSPL, Bangalore, during the Second Control Period.

Year	(KL in Lacs)			% Change over Previous Year		
	Domestic Flights	International Flights	Total	Domestic Flights	International Flights	Total
2015-16	1.84	2.58	4.42	-	-	-
2016-17	1.97	3.16	5.13	7.04	22.66	16.16
2017-18	2.03	3.38	5.41	3.14	7.01	5.53
2018-19	2.09	3.52	5.61	3.11	4.07	3.71
2019-20	1.47	3.56	5.03	-29.76	1.10	-10.40
2020-21	1.52	1.52	3.04	3.40	-57.32	-39.57
CAGR (FIRST 4 YRS)	-7.2%	11.4%	-0.7%			
CAGR (5 YRS)	-6.3%	-16.7%	-12.3%			

3.2.3 The Authority further observed that the Total Fuel Throughput volume at KIAB as being provided by Fuel Farm Facility service provider separately i.e. IOSPL, Bangalore particularly in the FY 2018-19 was 8.37 Lac KLs out of which IOSPL, Bangalore share was 67.04% (5.61 Lac KLs) and in FY 2019-20 the Actual Total Fuel Throughput was 8.17 Lac KLs at KIAB out of which IOSPL, Bangalore share reduced to 61.55% (5.03 Lac KLs).

3.2.4 The Authority noted that CAGR of 5 years (including the lean year due Covid-19) of Total Fuel Throughput of IOSPL, Bangalore is (-) 12.3% showing a drastic decline in the Fuel uplifted during the Second Control Period (refer Table 3 above). However, IOSPL, Bangalore has projected growth rate of 20% of Fuel Throughput for Domestic and International flights in FY 2022-23 and 2% in FY 2025-26 with CAGR of 9.0% during the 3rd Control Period.

3.2.5 The Authority recently determined tariff for many other major airports and has considered the adverse impact of COVID 19 pandemic particularly in the Aviation sector and also made its own assessment of the pattern of traffic revival in the next 5 year period. While doing so, the Authority has considered the opinions/forecasts of the experts in the aviation field such as CAPA, ACI and IATA. The Authority after assessing the current COVID-19 situation across the country observed that over one year into the Covid-19 pandemic, substantial disruption still



persists. Accordingly, the Authority made the suitable adjustment in the ATM traffic for FY 2021-22 and onwards based on the actual ATMs traffic of FY 2019-20 as base year for KIA, Bangalore and proposes the assumptions as given below:

Table 4: Assumptions proposed by the Authority for ATMs Traffic at BIAL, Bangalore

Year	Domestic	International
2019-20	Actual ATM Traffic	Actual ATM Traffic
2021-22	70% of FY 2019-20	50% of FY 2019-20
2022-23	100% of FY 2019-20	75% of FY 2019-20
2023-24	108% of FY 2019-20	100% of FY 2019-20
2024-25	118% of FY 2019-20	108% of FY 2019-20
2025-26	124% of FY 2019-20	116% of FY 2019-20

3.2.6 The Authority, using the above data proposes the following projections of fuel throughput volumes for the ITP services of IOSPL Bangalore for the 3rd Control Period as given in the table below:

Table 5: Revised Fuel Throughput (Volume) Proposed by the Authority for IOSPL, Bangalore for 3rd Control Period (at Consultation stage).

Year	(KL in Lacs)			% of FY 2019-20		
	Domestic	International	Total	Domestic	International	Total
2019-20*	1.47	3.56	5.03	-	-	-
2021-22	1.03	1.78	2.81	70%	50%	-44%
2022-23	1.47	2.67	4.14	100%	75%	-18%
2023-24	1.59	3.56	5.15	108%	100%	2%
2024-25	1.73	3.84	5.58	118%	108%	11%
2025-26	1.82	4.13	5.95	124%	116%	18%
Total**	7.64	15.98	23.62			

* Figures for FY 2019-20 taken as base year for projection

**Total for 3rd control period (FY 2021-22 to FY 2025-26)

3.3 Stakeholders' Comments regarding Fuel Throughput Forecast for the 3rd Control Period:

BPCL's comments on Fuel Throughput Forecast for the 3rd Control Period:

3.3.1 BPCL has submitted that as per Points 3.8 (Table 5 of the Consultation paper), it is assumed that Reversal of Domestic Volumes of Pre Covid times will be 70% in 2021-22 and 100% in 2022-23, similarly it is assumed that Reversal of International Volumes of Pre Covid times will be 50% in 2021-22 and 75% in 2022-23 and these will further grow 2023-24 onwards. However as we are seeing a ravaging 2nd wave of Covid19, it is not likely that Pre Covid volumes are likely to return in the 3rd Control Period and thus the volumes handled are likely to continue to be low and thus the projections for Air Traffic & ATF volume in the consultative period needs to be reviewed & moderated to ensure that ITP agencies have Fair Tariff and approved Rates for ensuring smooth & safe ITP operations at all times.

BIAL comments on Fuel Throughput Forecast for the 3rd Control Period:

3.3.2 BIAL has submitted that the Authority has assumed the ATM projections for determination of



the Aeronautical tariff as per table 5 on prepage. BIAL has further submitted that the aviation industry across the globe and more so in India, is facing an unprecedented pandemic situation, with highly uncertain phase. As a result, Indian aviation industry has already been severely impacted with the daily average ATMs being almost at par with what was a year back post resumption of domestic flights in May'20 after lockdown (i.e. -20-25% of pre-Covid levels). As you are aware, government has restricted the number of flights to 50% of pre-Covid levels from June 2021 while multiple state governments continue to impose lockdowns in major economic centers of the country. Given the widespread impact of second Covid wave and a warning of a 3rd wave later this year, the above traffic assumptions need to be relooked. We expect the FY 2021-22 domestic traffic to be impacted by the 2nd wave of Covid, and recovery in domestic traffic to pre-covid levels is expected only in FY 2023-24 on a full year basis. Without the resumption of scheduled international operations, any significant recovery in international sector is not expected. With various travel restrictions currently in place by international countries for flights originating in India, the international traffic shall be much lower than 50% of FY 2019-20 traffic assumed by AERA for FY 2021-22. We expect the recovery to pre-Covid levels to be reached only by FY 2024-25. The Authority to kindly consider the impact of the second covid wave and various government restrictions in place while finalizing the traffic assumptions for the 3rd control period

3.4 Authority's examination and decisions regarding Fuel Throughput Forecast for the 3rd Control Period:

- 3.4.1 The Authority noted the comments received from BPCL & BIAL on the revision of the Fuel throughput forecast for the 3rd Control Period.
- 3.4.2 The Authority further noted that due to adverse impact of the second wave of the COVID-19 on aviation sector, and, also based on the views of industry bodies/agencies such as IATA, ACI etc., there will be substantial delay in recovery of the aviation sector to pre COVID-19 level (i.e. equal to traffic level of FY 2019-20).
- 3.4.3 In the Authority's opinion, the impact of COVID-19 pandemic on the global aviation market is still prevalent and is expected to continue till the end of FY 21-22. However, with the gradual revival of the economy, increase in the uptake of the vaccines, measures taken by the GoI to make the air travel safe along with easing of air travel by various countries, the aviation industry is expected to recover at a better pace in the next few years.
- 3.4.4 Considering the positive outlook of the GDP growth predicted by the GoI and relatively better revival of the domestic aviation market, the Authority is of the view that domestic traffic will revert to pre-Covid levels (i.e. FY 2019-20) by FY 2022-23.
- 3.4.5 The Authority also realised that the international traffic demand has remained subdued due to travel restrictions imposed by other countries on Indian travellers. Therefore, the Authority is of the view that international traffic will likely revert to pre COVID-19 levels (i.e. FY 2019-20) by FY 2023-24.
- 3.4.6 In view of the above, the Authority decides to revise the fuel throughput projections for the 3rd control period as made in the Consultation Paper. The revised fuel throughput projections are given in Table 6 as under:



Table 6: Fuel Throughput (Volume) considered by the Authority for IOSPL, Bangalore for 3rd Control Period.

Year	(KL in Lacs)			% of FY 2019-20		
	Domestic	International	Total	Domestic	International	Total
2019-20	1.47	3.56	5.03	-	-	-
2021-22	0.87	1.28	2.15	59%	36%	43%
2022-23	1.57	2.78	4.35	107%	78%	86%
2023-24	1.81	3.27	5.08	123%	92%	101%
2024-25	2.09	3.63	5.72	142%	102%	114%
2025-26	2.35	3.95	6.30	160%	111%	125%
Total	8.68	14.91	23.59			

** Figures for FY 2019-20 taken as base year for projection*

3.5 Authority's Decisions regarding Fuel Throughput Forecast for the 3rd Control Period

Based on the material before it and its analysis, the Authority has decided the following regarding Fuel Throughput Forecast for IOSPL, Bangalore for the 3rd Control Period:

- 3.5.1 The Authority decides to consider Fuel Throughput Forecast for the 3rd Control Period for IOSPL, Bangalore as per Table 6
- 3.5.2 The Authority decides to true-up the Fuel Throughput (volume) on the basis of actual off take in 3rd Control Period while determining tariffs for the Next Control Period.

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CHAPTER 4. CAPITAL EXPENDITURE

4.1 IOSPL, Bangalore's submission on Capital Expenditure for the 3rd Control Period as part of MYTP

- 4.1.1 As per clause 9.2 of the CGF guidelines, RAB shall be all fixed assets proposed by the Service Provider(s), after providing for such exclusions therefrom or inclusions therein as may be determined by the Authority.
- 4.1.2 The assets that substantially provide services not related to or not normally provided as part of Regulated Service(s) may be excluded from the scope of RAB by the Authority, in its discretion.
- 4.1.3 As per MYTP submission, IOSPL, Bangalore has projected total capital expenditure of Rs.1914.75 Lacs for the 3rd control period. The projection of assets wise capital expenditure as per the MYTP of IOSPL, Bangalore for the 3rd control period is given below:

**Table 7: Capital Expenditure as projected by IOSPL, Bangalore for the 3rd Control Period
Amount (Rs. in Lacs)**

Particulars		2021-22	2022-23	2023-24	2024-25	2025-26	Total
Vehicles	HD - Refurbishment	-	504.00	330.75	-	-	834.75
	RF - Refurbishment	-	73.50	77.18	-	-	150.68
	HD - New	-	-	319.73	167.86	176.25	663.83
	Dirt Defense Filters	-	159.30	106.20	-	-	265.50
Total		0.00	736.80	833.85	167.86	176.25	1914.75

- 4.1.4 IOSPL, Bangalore has not projected the Capital Expenditure for the 1st year of the 3rd control period i.e. FY 2021-22.
- 4.1.5 As per the annual accounts of IOSPL, Bangalore year wise details of capital expenditure for the FY 2016-17 to 2020-21 is as under:

Table 8: Capital Expenditure as per Annual Accounts of IOSPL, Bangalore for the FY 2016-17 to FY 2020-21

Particulars	Amount (Rs. in Lacs)					Total
	2016-17	2017-18	2018-19	2019-20	2020-21*	
Capital Expenditure	184.26	144.73	356.63	174.95	110.00	970.56

* Estimated figures

4.2 Authority's examination regarding Capital Expenditure for the 3rd Control Period at Consultation stage:

- 4.2.1 The Authority examined the total projected capital expenditure of Rs. 1914.75 Lacs for the 3rd control period and noted that IOSPL, Bangalore has projected about more than 2 times the actual capital expenditure incurred by IOSPL, Bangalore during the 2nd control period as per



the Annual Compliance Statement (ACS).

- 4.2.2 The Authority, based on the information and SPRH Agreement submitted by IOSPL, Bangalore, examined the requirement of capital expenditure on each component i.e. Refurbishment of Hydrant Dispensers & Refuellers and rationale of proposed capital expenditure in detailed manner.
- 4.2.3 The Authority has sought the details from IOSPL, Bangalore about the peak hour ATMs at Bangalore Airport. Percentage of ATMs catered by IOSPL and number of Aircraft Hydrant Dispensers and Aircraft Refuellers required to meet the peak hour demand. IOSPL, Bangalore vide their email dated 6th & 7th April, 2021 informed that "the peak simultaneous connections at Bangalore Airport in Pre-Covid times were 16. Presently this number is around 13-14 depending on the days of the week. Please note that these peak connections (13 to 14) are met using hydrant dispensers only. Use of refuellers is limited only for defueling and for serving non-hydrant bays which are negligible in number and rarely used. However due to our contractual commitments we are required to maintain 04 refuellers at Bangalore ITP Services. Bangalore Airport is a hub for night parking of aircrafts, therefore this peak is observed in the early morning hours from 4-8 AM (Approx.). We presently have 19 Hydrant dispensers and 04 Refuellers. As per the requirement of BIAL, we are required to maintain 04 refuellers. Furthermore, each ITP Service provider should have equipment required to satisfy 60% of the airport peak requirements individually). Our present equipment numbers are therefore kept to meet these requirements".
- 4.2.4 The Authority examined the life profile of vehicles to be refurbished, cost of refurbishment of each vehicle, requirement of new vehicles- Hydrant Dispensers and total capital expenditure projected thereon as confirmed by IOSPL vide email dated 22nd March, 2021, 5th April and 7th April, 2021, the details are given below:

Table 9: Year wise Projection of Capital Expenditure on Refurbishment of Vehicles for FY 2021-22 to FY 2025-26

New and Refurbishment of Vehicles		Nos. of Vehicles					
		2021-22	2022-23	2023-24	2024-25	2025-26	Total
Vehicles	Hydrant Dispensers - New	0	0	2	1	1	4
	Hydrant Dispensers – Refurbishment	0	8	5	0	0	13
	Refuellers- Refurbishment	0	1	1	0	0	2
	Total	0	9	8	1	1	19
Per Unit Cost proposed for New and Refurbishment of Vehicles							
		Amount (Rs. in Lacs)					
		2021-22	2022-23	2023-24	2024-25	2025-26	
Vehicles	Hydrant Dispensers - New			159.86	167.86		176.25
	Hydrant Dispensers – Refurbishment		63.00	66.15			
	Refuellers-- Refurbishment		73.50	77.18			
		Capital Expenditure proposed for New and Refurbishment of Vehicles					
		Amount (Rs. in Lacs)					
		2021-22	2022-23	2023-24	2024-25	2025-26	Total
Vehicles	Hydrant Dispensers - New	0.00	0.00	319.73	167.86	176.25	663.83



Hydrant Dispensers – Refurbishment	0.00	504.00	330.75	0.00	0.00	834.75
Refuellers-- Refurbishment	0.00	73.50	77.18	0.00	0.00	150.68
Dirt Defence Filters	0.00	159.30	106.20	0.00	0.00	265.50
Total	0.00	736.80	833.85	167.86	176.25	1914.75

- 4.2.5 The Authority observed that IOSPL Bangalore proposed to refurbish the life of 15 vehicles out of 23 vehicles whose present life is 13 years whereas the life span of balance vehicles is within the life profile as per the SPRH agreement.
- 4.2.6 The Authority observed that IOSPL, Bangalore Rs.663.83 Lakhs for the purchase of four (4) new vehicles - Hydrant Dispensers (i.e. Two in FY 2023-24, one in FY 2024-25 and one in FY 2025-26). The Authority sought additional information from IOSPL, Bangalore about the requirement of new vehicles - Hydrant Dispensers and their cost. With regard to requirement Hydrant Dispensers, IOSPL, Bangalore informed that New Terminal T2 shall be operational in FY 2021-22 or FY 2022-23 and therefore to cater the futuristic ATM traffic /demand at New Terminal T2, IOSPL, Bangalore shall require these vehicles. Regarding cost of new Hydrant Dispensers (HDs), IOSPL vide mail dated 26th April forwarded the quotations which they have invited in 2018 from 4 suppliers namely, Globe Hi Fabs LLP, Faridabad, IPWT, Mumbai, Standard Casting and Titan Antony Aviation India Pvt. Ltd., Navi Mumbai and comparative bid statement to ascertain the cost of new HDs. Accordingly, IOSPL, Bangalore informed that based on lowest quotation as being obtained in the year 2018 has been considered as a base cost (per unit) for purchase of New HDs.
- 4.2.7 The Authority after considering the clarification given by IOSPL, Bangalore, examined the need for the purchase of four new vehicles -Hydrant Dispensers and is of the view that there is not much increase in the fuel throughput projection in the background of ATM traffic forecasted considering the pandemic impact for the 3rd control period. The Authority also noted the statement of IOSPL Bangalore at Para 4.2.3 stated “the peak simultaneous connections at Bangalore Airport in Pre-Covid times were 16”, therefore at any given point of time IOSPL may not require more than 16 to 18 vehicles even after the new terminal T2 becomes operational. The Authority therefore considers the requirement of Two (2) new vehicles to be sufficient at this stage and another two vehicles may be considered for the next control period apart from refurbishment to meet the peak hour demand. The Authority has also considered the cost of new Hydrant Dispensers (HDs), based on the justification as detailed in Para 4.1.1 above and proposes to consider the same cost as per the IOSPL.
- 4.2.8 The Authority noted IOSPL’s submission that presently they have 19 (Nineteen) Hydrant Dispensers (HD) and 04 (Four) Refuellers- (RF) out of which IOSPL has proposed to replaced 13 Dispensers and 2 Refuellers including their accessories at a total cost of Rs. 985.43 Lacs. The Authority noted the capital expenditure projections of Rs.834.75 Lacs proposed for the Refurbishment of 13 Nos. of HD and Rs.150.68 Lacs for the Refurbishment of 2 Nos. of RF to be incurred by IOSPL, Bangalore to fulfill the requirement of Schedule D of SPRH Agreement.
- 4.2.9 The Authority further noted that IOSPL, Bangalore is under legal obligation to incur this capital expenditure on commercial vehicles with minimum average life of vehicles are 8 years old as per the requirement of Schedule D of SPRH Agreement. The Authority therefore proposes that the capital expenditure of Rs. 834.75 Lacs and Rs.150.68 Lacs for the Refurbishment of HDs



and RFs respectively may be considered for capitalization in the 3rd control period.

4.2.10 The Authority noted the Capital Expenditure of Rs.265.50 Lacs (Rs. 159.30 Lacs in FY 2022-23 and Rs. 106.20 Lacs in FY 2023-24) projected by IOSPL, Bangalore for installation of Dirt Defense Filters (DDF). The Authority further noted that as per the Joint Inspection Group (JIG) guidelines, the service provider is under obligation to install Dirt Defense Filters (DDF) in all the Hydrant Dispensers & Refuellers before July 2023 to meet the safety standards at the airport and fueling of aircrafts. Therefore the Authority proposes to consider capital expenditure of Rs. 159.30 Lacs projected for installation of Dirt Defense Filters in FY 2022-23 and also proposed the capitalization in the 3rd quarter of FY 2022-23. Further, the capital expenditure of Rs. 106.20 Lacs projected for FY 2023-24 has been considered for capitalization in the same financial year.

4.2.11 The Authority keeping in view the above, has considered the per unit cost as proposed by IOSPL and also considering the mandatory replacement of vehicles in order to the requirement of Bangalore RTO regulations. In view of this, the Authority proposes to allow replacement of 13 Dispensers and 2 Refuellers as proposed by IOSPL at a total cost of Rs.985.43 lacs. (including cost of accessories) for determination of ARR for the 3rd Control Period. The year wise projection of capital expenditure on dispensers and refuellers along with requirement of new dispensers considered by the Authority for 3rd Control Period is given below:

Table 10: Capital Expenditure considered by the Authority for IOSPL, Bangalore

New and Refurbishment of Vehicles		Nos. of Vehicles					
		2021-22	2022-23	2023-24	2024-25	2025-26	Total
Vehicles	Hydrant Dispensers – New	0	0	0	1	1	2
	Hydrant Dispensers – Refurbishment	0	8	5	0	0	13
	Refuellers – Refurbishment	0	1	1	0	0	2
	Total	0	9	6	1	1	17
Revised Capital Expenditure on New and Refurbishment of Vehicles		Amount (Rs. in Lacs)					
		2021-22	2022-23	2023-24	2024-25	2025-26	Total
Vehicles	Hydrant Dispensers - New	0.00	0.00	0.00	167.86	176.25	344.11
	Hydrant Dispensers – Refurbishment	0.00	504.00	330.75	0.00	0.00	834.75
	Refuellers - Refurbishment	0.00	73.50	77.18	0.00	0.00	150.68
	Dirt Defence Filters	0.00	160.00	105.50	0.00	0.00	265.50
Total		0.00	737.50	513.43	167.86	176.25	1595.04



4.2.12 The Authority in order to ensure that IOSPL, Bangalore adheres to its Capital Expenditure plan, proposes to rework the RAB of the IOSPL, Bangalore for the 3rd Control Period, by reducing the RAB by 1% of the total cost of the Vehicles as per the timeline above or as the case may be, if the IOSPL, Bangalore fails to commission and capitalize these assets as per the capitalization schedule proposed as above.

4.3 Stakeholders' Comments regarding Capital Expenditure for the 3rd Control Period:

BIAL's comments on Capital Expenditure for the 3rd Control Period:

4.3.1 BIAL has submitted that whilst the Authority's intent on the service providers meeting the timelines for their projected capital expenditure is well appreciated, there is a need to take cognizance of the fact that such works may be impacted in future due to reasons beyond the control of the service providers. The Authority should also recognize the fact that future CAPEX schedule is largely dependent on the pace of traffic recovery. While BIAL does not believe in levying penalty, we request the Authority to consider the penalty only if the delay in CAPEX can be solely attributable to the service provider.

4.3.2 IOSPL's comments on Capital Expenditure for the 3rd Control Period:

IOSPL has submitted that once Terminal 2 is commissioned on or before 31st March 2022 the operational area where ITP vehicles will need to drive will be 3 times the existing area. This means that vehicles will take more time to commute from one place to the other. Also due to more flights departing from Terminal 2 the number of simultaneous connections could be 20+. For a single entity to meet 60% of airport peak capacity as per SPRH Agreement, IOSPL will require at least 4 new hydrant dispensers in the 3rd control period. We therefore request the authority to consider CAPEX as per Table 10 (of Consultation paper) which has been proposed by IOSPL.

4.4 Authority's examination and decisions regarding Capital Expenditure for the 3rd Control Period:

4.4.1 The Authority noted the comments raised by BIAL and IOSPL on the proposed 1% re-adjustment in case of delay in implementing the proposed CAPEX schedule. The stakeholders have cited the impact of the COVID-19 pandemic and the related uncertainties which may affect completion of the CAPEX schedules. In this regard, the Authority is of the view that the situation is likely to improve in view of the various measures implemented by the government including the availability of vaccine. The re-adjustment in the ARR/Target Revenue is to protect the interest of the stakeholders who are paying for services provided by IOSPL, Bangalore, and, is also an encouragement IOSPL, Bangalore to commission/capitalize the proposed assets as per the approved CAPEX schedule.

4.4.2 Further, in case there is a delay in commissioning/capitalizing of the assets proposed for the 3rd Control Period due to any reason beyond the control of IOSPL, Bangalore, and, is properly justified, same would be considered by the Authority while trueing up the actual cost at the time of Tariff determination exercise for the next control period. It is also stated that AERA expects that capitalization plan given by the service provider is adhered to, and, expects them to deliver the capitalization as per the plan.

4.4.3 The Authority also noted the Hon'ble TDSAT Judgement dated 16.12.2020 of "*Bangalore International Airport Ltd. (BIAL) Vs. Airports Economic Regulatory Authority of India*"



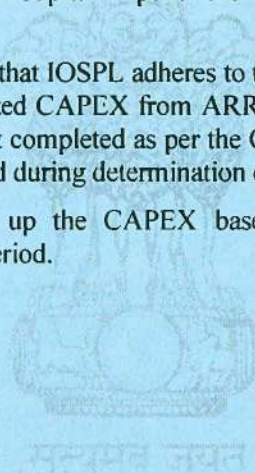
with regard to the Authority's decision to impose 1% penalty (adjustment) by way of reduction of the value of the Terminal II building from ARR.

- 4.4.4 The Authority, in order to ensure that IOSPL adheres to the Capital Expenditure plan, proposes to reduce 1% of the non capitalized CAPEX from ARR/Target Revenue, as re-adjustment, in case any particular CAPEX is not completed as per the Capitalization schedule, in the True-up exercise for the 3rd Control Period during determination of tariff for the Next Control Period.
- 4.4.5 Further, the Authority also noted that no Stakeholder has raised any comment regarding Capital Expenditure proposed at consultation stage. The Authority therefore, has decided to consider the same as given in Table 10.

4.5 Authority's Decisions regarding Capital Expenditure for the 3rd Control Period:

Based on the material before it and its analysis, the Authority has decided the following regarding Capital Expenditure for IOSPL, Bangalore for the 3rd Control Period:

- 4.5.1 The Authority decides to consider Capital Expenditure for the 3rd Control Period for BSSPL, Bangalore as per Table 10.
- 4.5.2 The Authority, in order to ensure that IOSPL adheres to the Capital Expenditure plan, proposes to reduce 1% of the non capitalized CAPEX from ARR/Target Revenue, as re-adjustment, in case any particular CAPEX is not completed as per the Capitalization schedule, in the True-up exercise for the 3rd Control Period during determination of tariff for the Next Control Period.
- 4.5.3 The Authority decides to true up the CAPEX based on actuals at the time of tariff determination for Next Control Period.



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CHAPTER 5. DEPRECIATION

5.1 IOSPL, Bangalore's submission on Depreciation for the 3rd Control Period (FY 2021-22 to FY 2025-26) as part of MYTP.

5.1.1 As per the IOSPL Bangalore's submission, the asset wise depreciation projected on the Regulatory Assets of during the 3rd control period has been summarized in the Table 11 below:

Table 11: Depreciation (Asset-wise) as projected by IOSPL, Bangalore for 3rd Control Period

Particulars	Amount (Rs. in Lacs)					Total
	2021-22	2022-23	2023-24	2024-25	2025-26	
Plant and Machinery-IPS	0.28	0.28	0.28	0.28	0.28	1.40
Vehicles	106.83	196.67	300.90	321.88	318.42	1244.70
Furniture and Fittings	0.18	0.18	0.18	0.18	0.18	0.90
Computer Software	36.67	36.67	36.67	-	-	110.00
Total	143.96	233.80	338.03	322.34	318.88	1357.00

5.2 Authority's Examination and analysis regarding Depreciation for the 3rd Control Period at Consultation stage:

5.2.1 The Authority issued Order No. 35 / 2017-18 for "Determination of Useful life of Airport Assets" for determining appropriate depreciation rates in line with the provisions of the Companies Act 2013. Accordingly, the Authority has considered the useful life and depreciation rates as prescribed in the said Order 35 for IOSPL Bangalore.

5.2.2 The Authority, as discussed in preceding chapter, examined the capital expenditure of Rs.265.50 Lacs (Rs. 159.30 in FY 2022-23 and Rs. 106.20 Lacs in FY 2023-24) projected for installation of Dirt Defense Filters (DDF). The Authority keeping in view the requirements of JIG guidelines, proposes that the asset of Rs. 159.30 Lacs to be capitalized in the 3rd quarter of FY 2022-23 and depreciation on it has been considered accordingly. The depreciation on assets of Rs. 106.20 Lacs to be capitalized in FY 2023-24, has been considered for full year based on the useful life of assets.

5.2.3 The Authority examined the need for the purchase of new Hydrant Dispensers as detailed in Para 4.1.1 and 4.1.2 of chapter 4 and has considered the depreciation to be applicable for the purchase of two new Hydrant Dispensers for the 3rd control period.

5.2.4 The Authority has examined the depreciation rates and useful life of Assets considered by IOSPL, Bangalore for determination of depreciation and noted that IOSPL, Bangalore has considered the same depreciation rates and useful life of Assets as approved by AERA vide its order no. 35/2017-18 except Furniture & fixtures where the residual value of 5% is considered by IOSPL, Bangalore but the amount of depreciation on it, is very insignificant. The Authority has therefore, considered the same value and depreciation for Furniture & fixtures which IOSPL, Bangalore has projected.

5.2.5 Keeping in view of the above and depreciation rates and life of Assets, the Authority proposes



the following depreciation for the 3rd Control Period as provided in the Table no. 12 below

Table 12: Revised Depreciation considered by the Authority for IOSPL, Bangalore for 3rd Control Period

Particulars	Amount (Rs. in Laacs)					Total
	2021-22	2022-23	2023-24	2024-25	2025-26	
Plant and Machinery-IPS	0.28	0.28	0.28	0.28	0.28	1.40
Vehicles	106.83	186.71	260.94	281.92	278.45	1114.85
Furniture and Fittings	0.18	0.18	0.18	0.18	0.18	0.90
Computer Software	36.67	36.67	36.67	0.00	0.00	110.00
Total	143.96	223.84	298.06	282.38	278.91	1227.15

5.3 Stakeholders' Comments regarding Depreciation for the 3rd Control Period:

5.3.1 During the stakeholder consultation process, the Authority has received no comments/views from stakeholders in response to the proposals of Authority in the Consultation Paper No. 03/2020-21 with respect to Depreciation for the 3rd control period.

5.4 Authority's Decisions regarding Depreciation for the 3rd Control Period

Based on the material before it and its analysis, the Authority has decided the following regarding Depreciation for IOSPL, Bangalore for the 3rd Control Period:

- 5.4.1 The Authority decides to consider Depreciation for the 3rd Control Period as per Table 12.
- 5.4.2 The Authority decides to true up the depreciation based on actuals at the time of tariff determination for next Control Period.

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CHAPTER 6. REGULATORY ASSET BASE

6.1 IOSPL, Bangalore's submission on Regulatory Asset Base (RAB) for the 3rd Control Period (FY 2021-22 to FY 2025-26) as part of MYTP.

- 6.1.1 As per clause 9.2 of the CGF guidelines, RAB assets shall be all fixed assets proposed by the Service Provider(s), after providing for such exclusions therefrom or inclusions therein as may be determined by the Authority.
- 6.1.2 The assets that substantially provide services not related to or not normally provided as part of Regulated Service(s) may be excluded from the scope of RAB by the Authority, in its discretion.
- 6.1.3 The projected Regulatory Asset Base (RAB) for the 3rd control period submitted by IOSPL, Bangalore has been shown in the Table 13 below:

Table 13: Regulatory Asset Base (RAB) as per the submission by IOSPL, Bangalore for 3rd Control Period

Amount (Rs. in Lacs)

Particulars	2021-22	2022-23	2023-24	2024-25	2025-26	Total
Opening RAB (A)	658.58	514.62	1,017.62	1,513.45	1,358.96	-
Addition (B)	0.00	736.80	833.85	167.86	176.25	1,914.75
Adjustment (C)	0.00	0.00	0.00	0.00	0.00	0.00
Deletion (D)	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation (E)	143.96	233.80	338.03	322.34	318.88	1,357.00
Closing RAB (F) = (A)+(B)-(C)-(D)-(E)	514.62	1,017.62	1,513.45	1,358.96	1,216.33	-
Average RAB (G)=(A+F)/2	586.60	766.12	1,265.54	1,436.20	1,287.64	-

- 6.1.4 The historical Regulatory Asset Base (RAB) as per the ACS (Annual Compliance Statement) of IOSPL, Bangalore for the second control period has been shown in the Table 14 below:

Table 14: Actual RAB as per the Annual Accounts of IOSPL, Bangalore

Particulars	Amount (Rs. in Lacs)				
	2016-17	2017-18	2018-19	2019-20	Total
Opening RAB (A)	54.28	201.72	297.65	595.21	-
Addition (B)	184.26	144.73	356.63	174.95	860.56
Adjustment (C)	8.39	0.00	0.00	0.00	8.39
Deletion (D)	0.00	0.00	0.00	0.00	0.00
Depreciation (E)	28.43	48.80	59.06	113.70	250.00
Closing RAB (F) = (A)+(B)-(C)-(D)-(E)	201.72	297.65	595.21	656.46	-
Average RAB (G)=(A+F)/2	128.00	249.68	446.43	625.83	-



6.2 Authority's Examination and Analysis regarding Regulatory Asset Base (RAB) for the 3rd Control period at Consultation stage:

6.2.1 The Authority has examined each element of RAB projected by IOSPL, Bangalore for the 3rd control period and its utilization as well as requirement in the functioning of the IOSPL, Bangalore.

6.2.2 The Authority, based on the clarification submitted by IOSPL, Bangalore on revised CAPEX to be incurred for refurbishment of vehicles, purchase of new vehicles and installation of DDF and depreciation proposed by the Authority, proposes RAB to be considered for the determination of ARR, as given in the Table 15 below:

Table 15: RAB considered by the Authority for IOSPL, Bangalore the 3rd Control Period

Particulars	Amount (Rs. in Lacs)					Total
	2021-22	2022-23	2023-24	2024-25	2025-26	
Opening RAB (A)	658.58	514.62	1,027.58	1,243.64	1,129.12	-
Addition (B) (refer table 10)	0.00	736.80	514.13	167.86	176.25	1,595.03
Adjustment (C)	0.00	0.00	0.00	0.00	0.00	0.00
Deletion (D)	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation (E) (refer table 12)	143.96	223.84	298.06	282.38	278.91	1,227.15
Closing RAB (F) = (A)+(B)-(C)-(D)-(E)	514.62	1,027.58	1,243.64	1,129.12	1,026.46	-
Average RAB (G)=(A+F)/2	586.60	771.10	1,135.61	1,186.38	1,077.79	-

6.3 Stakeholders' Comments regarding Regulatory Asset Base (RAB) for the 3rd Control Period:

6.3.1 During the stakeholder consultation process, the Authority has received no comments/views from stakeholders in response to the proposals of Authority in the Consultation Paper No. 03/2020-21 with respect to Regulatory Asset Base (RAB) for the 3rd control period.

6.4 Authority's examination and decisions regarding Regulatory Asset Base (RAB) for the 3rd Control Period:

Based on the material before it and its analysis, the Authority has decided the following regarding Regulatory Asset Base (RAB) for IOSPL, Bangalore for the 3rd Control Period:

6.4.1 The Authority, keeping in view of the above, has therefore decides to consider the Regulatory Asset Base (RAB) for the 3rd Control Period as given in the Table 15 above.



CHAPTER 7. FAIR RATE OF RETURN (FROR)

7.1 IOSPL, Bangalore's submission on fair Rate of Return (FRoR) for the 3rd Control Period (FY 2021-22 to FY 2025-26) as part of MYTP.

- 7.1.1 IOSPL, Bangalore has considered Fair Rate of Return (FRoR) as 14% in MYTP for the 3rd control period.
- 7.1.2 As per the MYTP submission made by IOSPL, Bangalore has stated that it will not take any debt for the CAPEX of 3rd Control Period. Capitalization activity is proposed to be funded by 100% Equity.

7.2 Authority's Examination and Analysis regarding Fair Rate of Return (FRoR) for the 3rd Control Period at Consultation stage:

- 7.2.1 The Authority has noted that IOSPL, Bangalore has not proposed any debt for financing its Regulatory assets and proposes to meet its CAPEX requirement through equity funds.
- 7.2.2 The Authority examined the various components of FRoR submitted by IOSPL, Bangalore and noted that FRoR determined for IOSPL, Bangalore is reasonable.
- 7.2.3 The Authority had earlier considered the FRoR at 14% for other ISP's and Airport Operators wherein the financing for CAPEX was proposed to be funded by 100% from equity.
- 7.2.4 The Authority therefore, proposes to consider the same FRoR (i.e.14%) as proposed by IOSPL, Bangalore for determination of ARR of IOSPL, Bangalore for the 3rd control period.

7.3 Stakeholders' Comments regarding Fair Rate of Return (FRoR) for the 3rd Control Period:

- 7.3.1 During the stakeholder consultation process, the Authority has received no comments/views from stakeholders in response to the proposals of Authority in the Consultation Paper No. 03/2020-21 with respect to Fair Rate of Return (FRoR) for the 3rd control period.

7.4 Authority's Decisions regarding Fair Rate of Return (FRoR) for the 3rd Control Period

Based on the material before it and its analysis, the Authority has decided the following regarding Fair Rate of Return (FRoR) for IOSPL, Bangalore for the 3rd Control Period:

- 7.4.1 The Authority decides to consider 14% as Fair Rate of Return (FRoR) for IOSPL, Bangalore for the 3rd Control Period.



CHAPTER 8. OTHER INCOME

8.1 IOSPL, Bangalore's submission on Other Income for the 3rd Control Period (FY 2021-22 to FY 2025-26) as part of MYTP.

8.1.1 IOSPL, Bangalore has projected Non-Aeronautical Revenue (Revenue from services other than regulated services) as per Table 16 below:

Table 16: Other Income considered by IOSPL, Bangalore for the 3rd control period

Particulars	Amount (Rs. in Lacs)					
	2021-22	2022-23	2023-24	2024-25	2025-26	Total
Non-Aeronautical Revenue	5.85	7.37	8.51	9.39	10.05	41.17

8.2 Authority's Examination and Analysis regarding Other Income for the 3rd Control Period at Consultation stage

8.2.1 The Authority examined the Other Income projected by IOSPL, Bangalore for the 3rd control period and noted that this revenue is mainly generated through bank deposits. The Authority proposes to consider the entire NAR for cross subsidizing the main revenue in the interest of all the stakeholders/users. Accordingly, the Authority proposes to consider the same Other Income for determination of ARR as per Table 16 above.

8.3 Stakeholders' Comments regarding Other Income for the 3rd Control Period:

IOSPL's Comments on Other Income for the 3rd Control Period:

8.3.1 IOSPL has stated that the bank deposits are essential to meet the working capital needs of the business. Therefore, in order for the business to run smoothly, bank deposits for working capital needs are essential and therefore have a direct relationship with the underlying service. Since the revenues from this service are a small percentage of the ARR, there is no meaningful benefit to the stakeholders in cross subsidizing the main revenue. For the purpose of ease of calculations, it is proposed to exclude Non-Aeronautical Revenues from subsidizing the main revenue stream. The National Civil Aviation Policy 2016 at paragraph 12 (c) states: 'To ensure uniformity and level playing field across various operators, future tariffs at all airports will be calculated on a 'hybrid till' basis, unless otherwise specified for any project being bid out in future. 30% of Non-Aeronautical Revenue will be used to cross-subsidise aeronautical charges. In case the tariff in one particular year or contractual period turns out to be excessive, the airport operator and regulator will explore ways to keep the tariff reasonable and spread the excess amount over the future.

8.4 Authority's examination and decisions regarding Other Income for the 3rd Control Period:

8.4.1 The Authority has examined the comments raised by IOSPL, Bangalore and of the view that IOSPL, Bangalore is not carrying out any Non-aeronautical service apart from the regulated ITP service at KIA, Bangalore. Further as per the user agreements with the users of ITP service, IOSPL, Bangalore is entrusted to carry out only the regulated service. As per the Annual



Accounts of IOSPL Bangalore, the service provider does not have other source of revenue except meagre revenue from bank deposits. The Authority noted that the interest income generated from surplus cash, fundamentally has no relationship with any kind of service but surplus cash has resulted from revenue earned through ITP service.

8.4.2 The Authority also viewed the Hon'ble TDSAT Judgment dated 16.12.2020 in "Bangalore International Airport Ltd. (BIAL) Vs. Airports Economic Authority of India" with regard to Interest Income which also validates the Authority's decision to consider Interest Income as Other Income.

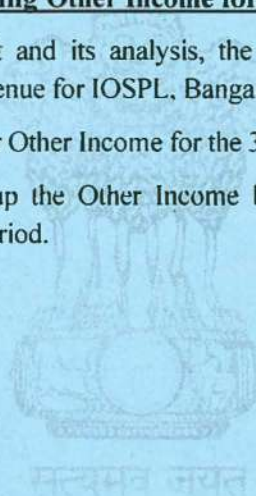
8.4.3 The Authority has therefore decided to consider the Interest Income on surplus funds as Other Income from Regulated Services for determination of ARR in the interest of all the stakeholders/users.

8.5 Authority's Decisions regarding Other Income for the 3rd Control Period

Based on the material before it and its analysis, the Authority has decided the following regarding Non-Aeronautical Revenue for IOSPL, Bangalore for the 3rd Control Period:

8.5.1 The Authority decides to consider Other Income for the 3rd Control Period as per Table 16.

8.5.2 The Authority decides to true up the Other Income based on actuals at the time of tariff determination for next Control Period.



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CHAPTER 9. OPERATION AND MAINTENANCE EXPENDITURE

9.1 IOSPL, Bangalore's submission on Operation and Maintenance Expenditure for the 3rd Control Period (FY 2021-22 to FY 2025-26) as part of MYTP.

9.1.1 As provided in Clause 9.4 of the CGF Guidelines mentioned in Direction No. 04/2010-11, the operational and maintenance expenditure incurred by the Service provider(s) include expenditure incurred on security, operating costs, other mandated operating costs and statutory operating costs.

9.1.2 Operation and Maintenance (O&M) expenditure submitted by IOSPL, Bangalore is segregated into the following categories:

- a) Payroll Costs;
- b) Admin and general expenditure;
- c) Repair and maintenance expenditure;
- d) Utility Costs
- e) Airport Operator Fees

9.1.3 The summary of growth rates used by IOSPL, Bangalore for the projection of Operation and Maintenance expenditure for the 3rd control period has been presented in the Table 17 below:

Table 17: Growth Rates in O&M as per IOSPL, Bangalore for 3rd Control Period

Particulars	Escalation	Inflation
Payroll Costs	5.50%	5.00%
Rent/License		7.50%
Rates & Taxes		5.00%
Rent		5.00%
Communication		8.00%
Travelling & Conveyance		10.00%
Office Maintenance		5.00%
Printing & Stationery		10.00%
Audit Expenses		5.00%
Legal Expenses		10.00%
Other professional charges		8.00%
Marketing Costs		5.00%
Insurance		10.00%
Consumption of stores		10.00%
Recruitment/training		10.00%
Bank Charges		5.00%
Miscellaneous- Admn. Exps		5.00%
CSR Expenditure		5.00%
Spares		5.00%
Security		5.00%
Repairs and Maintenance		8.00%
Power-Utilities		5.00%
Water		5.00%
Diesel		8.00%

9.1.4 IOSPL, Bangalore, based on the above assumptions given in table above, has projected Operation and Maintenance Expenditure for the 3rd control period but the CAGR for the 3rd control period has been worked out by the Authority. The Projected Operation and



Maintenance Expenditure (including Airport Operator Fees) submitted by IOSPL, Bangalore for the 3rd control period is given in Table 18 below.

Table 18: Projected Operation and Maintenance Expenditure - IOSPL, Bangalore.

Particulars	Amount (Rs. in Lacs)						CAGR
	2021-22	2022-23	2023-24	2024-25	2025-26	Total	
Payroll Costs	566.71	646.21	734.06	811.14	896.31	3654.42	12.14%
Administrative and General Expenditure	63.88	68.52	73.52	78.92	84.75	369.59	7.32%
Utilities and Outsourcing costs	82.68	88.74	95.26	102.27	109.81	478.76	7.35%
Repair and Maintenance Expenditure	115.77	125.03	135.03	145.84	157.50	679.18	8.00%
Airport Operator Fees	563.88	691.31	789.54	867.17	929.26	3841.16	13.30%
Total	1392.91	1619.80	1827.41	2005.34	2177.63	9023.10	11.82%

9.1.5 As per IOSPL, Bangalore, there is no change in department wise number of employees of Maintenance and Administration departments, however, there is slight increase in the manpower for operations from FY 2022-23 and 2023-24 as compared to FY 2019-20 as shown in Table 19 below:

Table 19: Projected Department-wise Full-Time No. of Employees- IOSPL, Bangalore

Actual & Projected Department-wise Full-Time No. of Employees- IOSPL, Bangalore							
Department	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Operations	61	54	58	62	66	66	66
Maintenance	12	11	11	11	11	11	11
Administration	1	1	1	1	1	1	1
Total	74	66	70	74	78	78	78

9.2 Authority's Examination regarding Operation and Maintenance (O&M) Expenditure for the 3rd Control Period at Consultation stage:

A. Operation and Maintenance Expenditure

9.2.1 The Authority examined category-wise breakup of each category of Operation and Maintenance expenditure based on actuals as per the annual accounts of IOSPL, Bangalore for the second control period (FY16-17 to FY19-20) which is given below:



Table 20: Actual Operation and Maintenance Expenditure & CAGR for the Second Control Period (FY16-17 to FY19-20)

Particulars	Amount (Rs. in Lacs)					CAGR
	2016-17	2017-18	2018-19	2019-20	Total	
Payroll Costs	340.12	385.95	465.23	480.51	1671.81	12.2%
Administrative and General Expenses	58.67	121.87	69.57	59.42	309.53	0.4%
Utilities and Outsourcing costs	26.34	41.87	58.62	77.04	203.87	43.0%
Repair and Maintenance Expenses	33.94	90.38	109.12	97.80	331.24	42.3%
Total	459.06	640.06	702.54	714.78	2516.45	15.9%

* Annual financials of 2020-21 is yet to be finalized.

9.2.2 The Authority examined the total Operation and Maintenance expenditure of IOSPL, Bangalore and noted that the CAGR of actual expenditure incurred on Operation and Maintenance by the IOSPL, Bangalore as per the actuals during the 2nd control period i.e. FY 2016-17 to FY 2019-20 is 15.9% which is higher than the CAGR of 11.82% (Refer Table 18 of CP) as projected by IOSPL for the 3rd control period.

9.2.3 The Authority also examined the category wise share of each expenditure in total expenditure as projected by IOSPL, Bangalore for the 3rd Control Period which is given below:

Table 21: Category wise percentage share of Operation & Maintenance Expenditure

Category of Operation and Maintenance Expenditure	% Share of Total Expenditure
Payroll Costs	71.80
Administrative and General Expenditure	6.79
Utilities and Outsourcing costs	8.80
Repair and Maintenance Expenditure	12.62
Total	100.00

9.2.4 The Authority noted that Payroll Cost is major component of operating cost i.e. about 71.80% of the total operating expenditure of IOSPL, Bangalore whereas for other three categories it is 28.20% of the total operating expenditure.

9.2.5 The Authority, also examined the growth rates assumed by IOSPL, Bangalore for the projection of Operation and Maintenance expenditure as shown in Table 21 above for the 3rd control period which is as under:

- **Payroll Costs-** IOSPL has projected 12.14% CAGR on employee benefit expenses for 3rd Control Period and submitted that payroll cost will increase due to annual increment of 10.5% (5.5% on account of an annual increase and 5% on account of inflation) towards



Payroll (manpower costs) and addition of more man power.

- **Administrative and General Expenditure** - IOSPL has projected an increase of more than 7.32% after considering 10% inflation impact on Legal Expenses, Insurance, and Printing & Stationery, Consumption of Stores, Recruitment/Training and considered 5% inflation impact on audit, security and other miscellaneous expenses.
- **Repair and Maintenance Expenditure** - IOSPL in the submission has projected an increase of 8.0% in these expenses for the 3rd control period.
- **Utility Costs** - projected an increase of 7.35% for Utility Costs after taking into consideration 5% inflation rate for power and rent & rates.
- **Airport Operator Fees** (based ITP revenue share)– As per the concession agreement, Airport Operator Fees has been considered at 6% of revenue from services.

9.2.6 The Authority, based on its examination on projected O&M expenditure, rate of increase in each category of expenditure and after taking into account the effect of COVID -19, causing slowdown in the aviation sector and sustenance of the operations, proposes to revise each category of O&M expenditure is as under:

- Payroll Costs**- the Authority noted the CAGR of projected Payroll Costs for 3rd control period is 12.14% whereas the CAGR of actual Payroll Costs as per the annual accounts of IOSPL, Bangalore during the second control period (FY 2016-17 to FY 2019-20) is 12.2%. The Authority is however, of the view that due to COVID -19 pandemic, there is slow down in the aviation sector and to sustain the operations, the increase in the payroll costs may not be that as may be during the normal operations. Therefore, the Authority is of the view that the requirement of additional manpower (as detailed in table 19) may not be justifiable with the projections of fuel throughput uptake. Hence, the authority proposes to consider 8.50% YoY increase for the purpose of projection of "Payroll Cost" including inflation effect of 4.60% on account of CPI inflation (RBI rate) for the 3rd control period.
- Administrative and General Expenditure** - The Authority also examined the projections of administrative and general expenditure of IOSPL, Bangalore and noted that the CAGR of projected administrative and general expenditure for 3rd control period is 7.32% whereas the CAGR of actual administrative and general expenditure as per the annual accounts of IOSPL, Bangalore during the second control period (FY 2016-17 to FY 2019-20) is 0.4% which is very low as compared to CAGR of projected expenditure. The Authority, therefore keeping in view the inflation rate as per RBI rate, proposes an annual increase in administrative and general expenditure by 4.60% for the 3rd Control Period.
- Repair and Maintenance Expenditure** - The Authority examined the projections of Repairs and Maintenance Expenditure made by IOSPL, Bangalore noted that the CAGR of projected Repairs and Maintenance Expenditure for 3rd control period is 8.0% whereas the CAGR of actual R&M expenditure as per the annual accounts of IOSPL, Bangalore during the second control period (FY 2016-17 to FY 2019-20) is about 42.3% which is high due to low R&M expenditure incurred in the FY 2016-17. Since the projected annual increase in R&M expenditure by IOSPL, Bangalore is lower (i.e., 8.0%), the Authority therefore



proposes to consider 8.0% annual increase in Repairs and Maintenance Expenditure for the 3rd control period.

- iv. **Utilities and Outsourcing costs** - The Authority has examined the projections made by IOSPL, Bangalore about the Utility Costs and noted that the CAGR of projected Utility Costs for 3rd control period is 7.35% whereas the CAGR of actual Utility Costs as per the annual accounts of IOSPL, Bangalore during the second control period (FY 2016-17 to FY 2019-20) is 43.0% which is very high when compared with the CAGR of the projected R&M expenditure. The Authority, keeping in view the CAGR of IOSPL, Bangalore for the 3rd control period, proposes to revise the utility costs with an annual increase of 7.35% for revise projection of R&M expenditure for the 3rd control period.

9.2.7 The Authority noted that IOSPL, Bangalore has projected the Airport Operator Fees @ 23.6% of the aeronautical revenue (ITP revenue) whereas the Authority has approved Airport Operator Fees @ 5% of the aeronautical revenue vide its Order No. 01/2018-19 dated 5th April 2018 on Capping the amount of Royalty licence Fee / Revenue Share payable to Airport Operator as a “pass through” expenditure for the Independent service Providers providing Cargo Facility, Ground handling, Supply of Fuel to Aircrafts at Major Airports. The Authority based on its order, proposes Airport Operator Fees @ 5% of the aeronautical revenue of IOSPL, Bangalore for the 3rd Control Period.

9.2.8 Based on the trends of O&M expenditure considering the actuals of 2nd Control Period and projections made by IOSPL for 3rd control period, the Authority proposes to consider FY 2021-22 as base for increase in Operation and Maintenance Expenditures for the FY 2022-23 to FY 2025-26 and proposes the following percentage (%) increase for each category of expenditure which as given in Table 22 below:

Table 22: Proposed Percentage (%) Increase in Operation and Maintenance Expenditure by the Authority for revision of O&M Expenditure for IOSPL, Bangalore for 3rd Control Period

Particulars	2022-23	2023-24	2024-25	2025-26
Payroll	8.50%	8.50%	8.50%	8.50%
Administrative and General	4.60%	4.60%	4.60%	4.60%
Repairs and Maintenance	8.00%	8.00%	8.00%	8.00%
Utility	7.35%	7.35%	7.35%	7.35%
Airport Operator Fees (Revenue Share) (based on AERA Order)	5.00%	5.00%	5.00%	5.00%

9.2.9 The Authority after considering the above growth rates, has proposed to revise the Operating and Maintenance Expenditure and Airport Operator Fees based on AERA Order No. 01/2018-19 dated 5th April 2018, as given in the Table 23 below:



Table 23: Revised Operating and Maintenance Expenditure for the 3rd Control Period at C.P stage.

Particulars	Amount (Rs. in Lacs)					
	2021-22*	2022-23	2023-24	2024-25	2025-26	Total
Payroll Costs	566.71	614.88	667.14	723.85	785.37	3357.94
Administrative and General Expenditure	63.88	66.82	69.89	73.11	76.47	350.17
Utilities and Outsourcing costs	82.68	88.76	95.28	102.29	109.81	478.82
Repair and Maintenance Expenditure	115.77	125.03	135.03	145.84	157.50	679.18
Airport Operator Fees	45.45	66.98	83.29	90.27	96.31	382.30
Total	874.49	962.47	1050.64	1135.35	1225.47	5248.41

*FY 2021-22 taken as base to revise projection (except for Airport Operator Fees which on Revenue share basis)

9.3 Stakeholders' Comments regarding Operating and Maintenance Expenditure for the 3rd Control Period:

IOSPL's Comments on Airport Operator Fees for the 3rd Control Period:

9.3.1 IOSPL, Bangalore has stated that as per AERA Guidelines the tariff determination for BLR ITP Services should be under "Light Touch Approach". Therefore, under Light Touch Approach the entire portion of revenue share of 23.6% should be allowed as a Pass-Through Cost as part of the O&M Expenses.

9.4 Authority's examination and decisions regarding Operation and Maintenance (O&M) Expenditure & Airport Operator Fees for the 3rd Control Period:

9.4.1 The Authority has examined the comments given by IOSPL, Bangalore and noted that IOSPL, Bangalore has projected the Airport Operator Fees @ 23.6% of the Aeronautical revenue. The Authority has capped the Airport Operator Fees @ 5% of the Aeronautical revenue vide Order No. 01/2018-19 dated 5th April 2018 on "Capping the amount of Royalty licence Fee / Revenue Share payable to Airport Operator" as a "pass through" expenditure for the Independent service Providers providing Cargo Facility, Ground handling, Supply of Fuel to Aircrafts at Major Airports". AERA therefore does not follow the agreement of IOSPL with Airport Operator/ Service provider and has capped the revenue sharing charge @ 5% of the Aeronautical Revenue for the purpose of tariff determination.

9.4.2 In view of above, the Authority has decided to consider Airport Operator Fees @ 5% of the Aeronautical Revenue for determination of ARR. The Authority after considering the revised fuel throughput and impact of implementation of Tariff Order from 1st October 2021 instead of 1st April, 2021, revised the ARR and has proposed to revise the Operating and Maintenance Expenditure due to change in Airport Operator Fees which is given in Table 24 below:



Table 24: Revised Operating and Maintenance Expenditure considered by the Authority for the 3rd Control Period

Particulars	Amount (Rs. in Lacs)					
	2021-22*	2022-23	2023-24	2024-25	2025-26	Total
Payroll Costs	566.71	614.88	667.14	723.85	785.37	3357.94
Administrative and General Expenditure	63.88	66.82	69.89	73.11	76.47	350.17
Utilities and Outsourcing costs	82.68	88.76	95.28	102.29	109.81	478.82
Repair and Maintenance Expenditure	115.77	125.03	135.03	145.84	157.50	679.18
Airport Operator Fees	38.30	73.64	84.34	92.98	100.44	389.70
Total	867.33	969.13	1051.69	1138.06	1229.60	5255.81

*FY 2021-22 taken as base to revise projection (except for Airport Operator Fees which on Revenue share basis)

9.5 Authority's Decision on Operation and Maintenance Expenditure for the 3rd Control Period

Based on the material before it and its analysis, the Authority has decided the following regarding Operation and Maintenance Expenditure for IOSPL, Bangalore for the 3rd Control Period:

9.5.1 The Authority decides to consider Operation and Maintenance Expenditure as shown in the Table 24.

9.5.2 The Authority decides to true up the Operation and Maintenance Expenditure based on actuals at the time of tariff determination for next Control Period.

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AERA



CHAPTER 10. TAXATION

10.1 IOSPL, Bangalore's submission on Taxation for the 3rd Control Period (FY 2021-22 to FY 2025-26) as part of MYTP.

10.1.1 As per clause 9.5 of CGF Guidelines, taxation represents payments by the Service Provider in respect of corporate tax on income from assets and services taken into consideration for determination of Aggregate Revenue Requirement. The Authority shall review forecast for corporate tax calculation with a view to ascertain inter alia the appropriateness of the allocation and the calculations thereof.

10.1.2 IOSPL, Bangalore has projected income tax @ 34.944% (Basic rate 30%, 12% Surcharge where total income > Rs. 10 crore and 4% Health and Education Cess) on regulatory profits.

10.1.3 The tax projections submitted by IOSPL, Bangalore 3rd Control Period is given as per Table 25 below:

Table 25: Provision for Taxation as per IOSPL, Bangalore submission for 3rd Control Period

Particulars	Amount (Rs. in Lacs)					Total
	2021-22	2022-23	2023-24	2024-25	2025-26	
Profit before Tax	418.98	610.77	680.91	810.42	864.39	3,385.47
Provision for Taxation	146.41	213.43	237.94	283.19	302.05	1,183.02

10.2 Authority's Examination and Analysis: taxation for the 3rd Control Period at Consultation stage:

10.2.1 The Authority noted that IOSPL, Bangalore has applied income tax @ 34.944% (Basic rate 30%, 12% Surcharge where total income > Rs. 10 crore and 4% Health and Education Cess) for tax projections for the 3rd Control Period.

10.2.2 The Authority noted that a new section 115BAA was introduced by the Government of India through the Taxation (Amendment) Ordinance 2019 on the 20th September 2019. Section 115BAA provides option to a domestic company to pay tax at lower rate of 22% (plus applicable surcharge and cess) (where the total turnover for previous Year (PY) 2017-18 does not exceeds Rs. 400 Crore) as opposed to normal tax rate of 30%/ 25% (plus applicable surcharge and cess), w.e.f. assessment year 2020-21, provided the income is computed-

- without claiming exemption/ deduction
 - u/s 10AA [SEZ units],
 - u/s 32(1)(iia) [additional depreciation qua new plant and machinery @ 20%/ 30%],
 - u/s 32AD [15% on new assets in undertaking set up in specified backward areas in Andhra Pradesh, Bihar, Telangana, and West Bengal]
 - u/s 33AB [specified percentage of amounts deposited with Tea/ Coffee/ Rubber Board]
 - u/s 33ABA [specified percentage of amounts deposited in Site Restoration Account]



- u/s 35(1)(ii)/(iia), 35(2AA) [specified deduction for scientific research]
- u/s 35AD [expenditure on specified business]
- u/s 35CCC [expenditure on agricultural extension project]
- u/s 35CCD [expenditure on skill development project]
- under Part C of Chapter VIA except section 80JJAA of the Act (such as 80IA/ IB/ IC/ ID/ IE etc.)
- without set-off of any brought forward losses to the extent such loss relates to deductions mentioned above. Such losses would also not be allowed to be carried forward to subsequent years.
- after claiming depreciation other than additional depreciation u/s 32(1)(ia).

The benefit of lower rate under the aforesaid section can be exercised by the company from any year commencing from AY 2020-21 or onwards. Such option is to be exercised in prescribed manner, before due date of return u/s 139(1) for the year in which option is exercised. Option once exercised would be binding for subsequent years and cannot be withdrawn.

10.2.3 The Authority examined both the income tax rates and noted that the rate of Tax as per Section 115BAA is lower, the comparative detail is given in Table 26 below:

Table 26: Corporate Tax Rate used by IOSPL, Bangalore & as per the provisions of Section 115BAA of Income Tax Act, 1961

Particulars	Basic rate	Surcharge	Health and Education Cess	Tax Rate
Tax Rate as per IOSPL, Bangalore	30.00%	12.00%	4.00%	34.944%
Tax Rate as per Section 115BAA of Income Tax Act 1961	22.00%	10.00%	4.00%	25.168%

10.2.4 The Authority noted that Income tax rate prescribed under the new section 115BAA is lower and sought clarification from IOSPL, Bangalore for levying tax @ 34.944% (including surcharge and Health and Education Cess) whereas as per Section 115BAA of Income Tax Act 1961, the Corporate Income Tax Rate is 25.168% (including surcharge and Health and Education Cess). In this regard, IOSPL clarified that-

“ the company being an entity operating 23 locations across India, pays tax based on the overall profitability of the company. Concessional tax rate for domestic companies from AY 2020-21 (FY 2019-20) for companies upto turnover of 400 crores in FY 2017-18 was made at 25% as per section 115BAA with conditions precedent to availing the concessional tax. The turnover of the company in 2017-18 was 502 Crores. Also the company is claiming income tax deductions under Income tax act for other location. These claims have been rejected by the Income tax authorities and are under litigation with the department of Income tax. The company has made provisions in the books for the full disputed amounts for the pervious years also. During 2019-20, provision at full rate of tax have been made in the audited P&L and the same has been also adopted by the company & the Board of



Directors as well as certified by the Statutory Auditors & the tax auditors.”

10.2.5 The Authority, after considering the clarification and justification given by IOSPL, Bangalore on applying 34.944% Tax rate, is of the view that the provision for taxation to be made @ 34.944% for the determination of ARR for 3rd Control Period for IOSPL Bangalore. Accordingly, the Authority proposes to apply 34.944% Tax rate and revises the amount of provision for taxation as given in Table 27 below:

Table 27: Revised Provision for Taxation for IOSPL, Bangalore at C.P. stage.

Particulars	Amount (Rs. in Lacs)					Total
	2021-22	2022-23	2023-24	2024-25	2025-26	
Taxation (refer table 32)	0.00	53.59	110.78	135.49	147.39	447.25

10.3 Stakeholders' Comments regarding Provision for Taxation for the 3rd Control Period:

10.3.1 During the stakeholder consultation process, the Authority has received no comments/views from stakeholders in response to the proposals of Authority in the Consultation Paper No. 03/2020-21 with respect to provision for Taxation for the 3rd control period.

10.4 Authority's examination regarding Provision for Taxation for the 3rd Control Period:

10.4.1 The Authority after considering the effect of revised Fuel Throughput and, its consequent effect on OPEX, Revenue, (having the effect of decrease in tariff, including staggered over years as against Authority's one time proposal at consultation stage), decides to revise the Provision for Taxation as given in Table 28 below:

Table 28: Revised Provision for Taxation for IOSPL, Bangalore considered by the Authority

Particulars	Amount (Rs. in Lacs)					Total
	2021-22	2022-23	2023-24	2024-25	2025-26	
Taxation (refer table 33)	0.00	97.79	117.77	153.47	174.84	543.88

10.5 Authority's decisions regarding Provision for Taxation for the 3rd Control Period:

Based on the material before it and its analysis, the Authority has decided following regarding provision for taxation for IOSPL, Bangalore for the 3rd Control Period:

10.5.1 The Authority proposes to consider provision for taxation as shown in table 28 for determination of ARR for the 3rd control period of IOSPL, Bangalore.

10.5.2 The Authority proposes to true up the provision for taxation based on actual tax paid at the time of tariff determination for next Control Period.



CHAPTER 11. AGGREGATE REVENUE REQUIREMENT (ARR)

11.1 IOSPL, Bangalore's submission on Aggregate Revenue Requirement for the 3rd Control Period (FY 2021-22 to FY 2025-26) as part of MYTP.

11.1.1 IOSPL, Bangalore has submitted Aggregate Revenue Requirement (ARR) and Yield Per Unit for the 3rd Control Period. The summary of ARR and Yield Per Unit has been presented in the Table 29 below:

Table 29: IOSPL, Bangalore's submission of the Aggregate Revenue Requirement (ARR) and Yield as per Unit for the 3rd Control Period

Particulars	Amount (Rs. in Laacs)					
	2021-22	2022-23	2023-24	2024-25	2025-26	Total
Revenue from Regulated Services (1)	1950.00	2457.00	2837.84	3128.72	3350.85	13724.41
Revenue from Services other than Regulated Services (2)	5.85	7.37	8.51	9.39	10.05	41.17
Operating Expenditure (3)	1392.91	1619.80	1827.41	2005.34	2177.63	9023.10
Depreciation (4)	143.96	233.80	338.03	322.34	318.88	1357.00
Tax (5)	146.41	213.43	237.94	283.19	302.05	1183.02
Total Expenditure (3+4+5)= (6)	1683.28	2067.03	2403.38	2610.87	2798.57	11563.12
Regulatory Operating (After Tax) Profit 1+2-6=(7)	272.57	397.34	442.97	527.23	562.34	2202.45
Capital Expenditure(8)	0.00	736.80	833.85	167.86	176.25	1914.75
Opening RAB (9)	658.58	514.62	1017.62	1513.45	1358.96	-
Disposals/Transfers (10)	0.00	0.00	0.00	0.00	0.00	-
Closing RAB (9+8-4-10)=(11)	514.62	1017.62	1513.45	1358.96	1216.33	-
Average RAB (9+11) /2=(12)	586.60	766.12	1265.54	1436.20	1287.64	-
Total Fuel throughput (Volume) (KLs in Laacs) (13)	3.95	4.74	5.21	5.47	5.58	24.96
Actual Yield per KL (1)/(13)	493.76	518.45	544.37	571.59	600.17	-

11.1.2 As per the submission of IOSPL, Bangalore Annual inflation in the Tariff has been taken @ 5% to determine yield per KL.

11.2 Authority's Examination and Analysis for the 3rd Control Period at Consultation stage:

11.2.1 The Authority having noted and examined the submission made by IOSPL, Bangalore and observed that during the period of FY 2016-17 to 2019-20, the actual Return on average RAB for FY 2016-17 is 483%, FY 2017-18 is 213% and 21.22% in 2018-19 and the Net profit ratio in FY 2016-17 is 45%, FY 2017-18 is 31% and 9% in FY 2018-19.



11.2.2 Based on the above, the Authority examined the reason for the sharp decline in Profit before Tax as well as Return on average RAB in FY 2019-20 and noted that the decline is due to the revision of the Airport Operator Fees as detailed in Para 9.1.2 of chapter 9.

Table 30: Statement of Revenue, Profitability, RAB and Return on RAB as per the Annual Accounts of IOSPL, Bangalore for the FY 2016-17 to FY 2019-20.

Particulars	Amount (Rs. in Lacs)			
	2016-17	2017-18	2018-19	2019-20
Revenue	1,374.96	1,450.46	1,504.20	1,411.82
Profit after Tax	618.72	532.36	475.94	132.79
Average RAB	128.00	249.68	446.43	625.83
Net Profit Ratio (%)	45.00	36.70	31.64	9.41
Return on Average RAB (%)	483.38	213.22	106.61	21.22

11.2.3 The projected Revenue, Profit after Tax and Return on Average RAB as per the projected accounts of IOSPL, Bangalore, as part of their MYTP submissions for 3rd Control Period is given in Table 31 below:

Table 31 :Projected Revenues, Profitability, RAB and Return on Average RAB as per projected Accounts of IOSPL, Bangalore

Particulars	Amount (Rs. in Lacs)				
	2021-22	2022-23	2023-24	2024-25	2025-26
Revenue	1,955.85	2,464.37	2,846.35	3,138.10	3,360.91
Profit after Tax	639.41	847.08	956.62	1091.38	1166.88
Average RAB	586.60	766.12	1,265.54	1,436.20	1,287.64
Net Profit Ratio (%)	32.69	34.37	33.61	34.78	34.72
Return on Average RAB (%)	109.00	110.57	75.59	75.99	90.62

11.2.4 As per the above table, Return on average RAB and net profit ratio as projected by IOSPL for the 3rd Control period is significantly very high.

11.2.5 The Authority also noted that as per the projected revenue of IOSPL, Bangalore (Table 29) the CAGR of Revenue from Aeronautical Services is 14.50% during the 3rd control period whereas as per the annual accounts for the FY 2016-17 to FY 2019-20 the CAGR is 0.9% of actual Revenue from Aeronautical Services (Table-30).

11.2.6 The observations and proposals of the Authority across the regulatory building blocks impact the computation of ARR and Yield per Unit. With respect to each element of the regulatory building blocks considered by IOSPL, Bangalore in computation of ARR and Yield per Unit in Table 29 above, the Authority proposed as below:

- To consider the Fuel Throughput in accordance Table 5
- To consider the depreciation as per table 12.
- To consider the average RAB in accordance with Table 15.



- To consider the Non-aeronautical revenue as per Table 16
- To consider the O&M expenses as per table 23.
- To consider the Tax as per Table 27.

11.2.7 After considering the above, the Authority proposed the following ARR as presented in the Table 32 below:

Table 32: Aggregate Revenue Requirement (ARR) proposed by the Authority for IOSPL, Bangalore for the 3rd Control Period. (At Consultation Stage)

Particulars	Amount (Rs.in Laacs)					
	2021-22	2022-23	2023-24	2024-25	2025-26	Total
Average RAB (Refer Table 15)	586.60	771.10	1135.61	1186.38	1077.79	
Fair Rate of Return	14%	14%	14%	14%	14%	
Return on average RAB	82.12	107.95	158.99	166.09	150.89	666.05
O & M Expenses (Refer Table 23)	874.49	962.47	1050.64	1135.35	1225.47	5248.41
Depreciation (Refer Table 12)	143.96	223.84	298.06	282.38	278.91	1227.15
Tax (Refer Table 27)	0.00	53.59	110.78	135.49	147.39	447.25
Less: NAR (Refer Table 16)	5.85	7.37	8.51	9.39	10.05	41.17
ARR per year	1094.72	1340.48	1609.96	1709.93	1792.61	7547.69
Discount Rate	14%	14%	14%	14%	14%	
PV Discount	1.00	0.88	0.77	0.67	0.59	
PV of ARR based @14%	1094.72	1175.86	1238.81	1154.15	1061.37	5724.91
Present Rate	365.75	365.75	365.75	365.75	365.75	
Fuel Throughput (Laacs KL)(Refer Table 5)	2.81	4.14	5.15	5.58	5.95	23.62
Total Revenue (at current rate)	1026.86	1513.42	1881.79	2039.64	2175.99	8637.70
PV Discount	1.00	0.88	0.77	0.67	0.59	
Discounted Aeronautical Revenue	1026.86	1327.56	1447.97	1376.70	1288.36	6467.45
Revise Rate	323.76	323.76	323.76	323.76	323.76	
Revised Revenue (with Tariff Decrease)	908.96	1339.66	1665.73	1805.46	1926.16	7645.98
PV of Revised Revenue	908.96	1175.14	1281.73	1218.63	1140.44	5724.91

11.2.8 The Authority based on the revised ARR and percentage decrease to meet the Aggregate Revenue Requirement (ARR) has decided one time decrease of existing tariff at the rate of 11.48% in FY 2021-22, and thereafter no further decrease proposed from FY 2022-23 to 31.03.2026 for the 3rd Control Period for ITP services provided by IOSPL, at KIA, Bangalore as per table 32.



11.3 Stakeholders' Comments regarding Aggregate Revenue Requirement for the 3rd Control Period:

BPCL's Comments regarding Aggregate Revenue Requirement (True Up) for the 3rd Control Period:

11.3.1 BPCL has submitted that provision of 'True Up' for this Control Period may not be applicable & logical in this case as business continuity of IOSPL at Bangalore Airport beyond the current contract period is not guaranteed as it will be based on outcome of fresh selection process. Thus it is requested that without any linkage to 'True Up' mechanism reasonable tariff & returns as per AERA guidelines are considered within the Control Period.

11.4 Authority's examination and decisions regarding Aggregate Revenue Requirement (ARR) for the 3rd Control Period:

11.4.1 The Authority noted the comment of the BPCL regarding provision of 'True Up' for 3rd Control Period. The Authority, as per the guidelines when determines the tariff under Price Cap Approach, proposes / decides for the true up of under recovery or over recovery of the ARR after end of the relevant control period as the tariff determination is on the basis of estimation of various building blocks. The true up exercise is in the interest of all the stakeholders including the service provider in case of under recovery.

11.4.2 The Authority has decided to make the revised tariff effective from 1st October 2021 instead of 1st April, 2021 for the 3rd Control Period, and, also considered the revised Fuel Throughput (Volume) for the determination of ARR for 3rd Control Period. The Revised Aggregate Revenue Requirement (ARR) proposed by the Authority for IOSPL, Bangalore for the 3rd Control Period is given in Table 33 below:

Table 33: Revised Aggregate Revenue Requirement (ARR) considered by the Authority for IOSPL, Bangalore for the 3rd Control Period (FY 2021-22 to FY 2025-26)

Particulars	Amount (Rs.in Lacs)					Total
	2021-22	2022-23	2023-24	2024-25	2025-26	
Average RAB (Refer Table 15)	586.60	771.10	1135.61	1186.38	1077.79	
Fair Rate of Return	14%	14%	14%	14%	14%	
Return on average RAB	82.12	107.95	158.99	166.09	150.89	666.05
O & M Expenses (Refer Table 24)	867.33	969.13	1051.69	1138.06	1229.60	5255.81
Depreciation (Refer Table 12)	143.96	223.84	298.06	282.38	278.91	1227.15
Tax (Refer Table 28)	0.00	97.79	117.77	153.47	174.84	543.88
Less: other income (Refer Table 16)	5.85	7.37	8.51	9.39	10.05	41.17
ARR per year	1087.56	1391.34	1618.00	1730.62	1824.20	7651.72
Discount Rate	14%	14%	14%	14%	14%	
PV Discount	1.00	0.88	0.77	0.67	0.59	
PV of ARR based @14%	1087.56	1220.47	1245.00	1168.12	1080.07	5801.23
Present Rate	365.75	365.75	365.75	365.75	365.75	
Fuel Throughput (Lacs KL) (Refer Table 6)	2.15	4.35	5.08	5.72	6.30	23.59



Total Revenue (at current rate)	785.54	1590.08	1858.25	2090.49	2304.34	8628.70
PV Discount	1.00	0.88	0.77	0.67	0.59	
Discounted Aeronautical Revenue	785.54	1394.80	1429.87	1411.02	1364.35	6385.59
Revise Rate	347.46	338.78	332.00	325.36	318.85	
Revised Revenue (with Tariff Decrease)	765.90	1472.81	1686.78	1859.64	2008.87	7794.01
PV of Revised Revenue	765.90	1291.94	1297.93	1255.20	1189.41	5800.38

11.4.3 The Authority based on the revised ARR and percentage decrease to meet the Aggregate Revenue Requirement (ARR) has decided to decrease the existing tariff at the rate of 5.00% in FY 2021-22, 2.50% in FY 2022-23 and thereafter YoY by 2.00% from FY 2023-24 onwards for ITP services provided by IOSPL, at KIA, Bangalore for the 3rd Control Period as per table 33.

11.5 Authority's Decisions on Aggregate Revenue Requirement (ARR) for the 3rd Control Period.

Based on the material before it and its analysis, the Authority has decided the following regarding Aggregate Revenue Requirement (ARR) for IOSPL, Bangalore for the 3rd Control Period:

11.5.1 The Authority decides to consider the ARR for IOSPL, Bangalore for the 3rd Control Period as per table 33.

11.5.2 The Authority decides to true up the ARR based on actuals at the time of tariff determination for next Control Period.

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CHAPTER 12. ANNUAL TARIFF PROPOSAL

12.1 IOSPL Bangalore's submissions on Annual Tariff Proposal for the 3rd Control Period (FY 2021-22 to FY 2025-26) as part of MYTP.

12.1.1 M/s Indian Oil Skytanking Private Limited (IOSPL), Bangalore has submitted Multi Year Tariff Proposal (MYTP) for the 3rd Control Period (FY 2020-21 to FY 2025-26) on 15th December, 2020.

12.1.2 Proposed increased by IOSPL, Bangalore for Into Plane Services at Kempegowda International Airport, Bang for the 3rd Control Period shows more that 40% increase in Tariff in FY 2021-22 over the tariff approved by AERA for FY 2020-21 and 4.40% on Year on Year basis.

12.1.3 M/s Indian Oil Skytanking Private Limited (IOSPL), Bangalore has submitted the tariff proposal for Into Plane Services at Kempegowda International Airport, Bangalore for the 3rd Control Period as per Table 34 below:

Table 34: Tariff Proposal by IOSPL, Bangalore for the 3rd Control Period

(Amount in Rs. Per KL)						
Particulars		2021-22	2022-23	2023-24	2024-25	2025-26
Fuelling of Aircraft		514.37	537.00	560.63	585.29	611.05
Defuelling of Aircraft	Within 6 hours	514.37	537.00	560.63	585.29	611.05
	Beyond 6 hours	617.24	644.40	672.75	702.35	733.26
Refuelling of Defuelled Product	Within 6 hours	565.80	591.70	616.69	643.82	672.15
	Beyond 6 hours	617.24	644.40	672.75	702.35	733.26

12.2 Authority's Examination and Analysis regarding tariff proposal for the 3rd Control Period at Consultation stage:

12.2.1 The Authority noted that the tariff proposal submitted by IOSPL, Bangalore for Into Plane Services at Kempegowda International Airport, Bangalore for the 3rd Control Period shows more that 40% increase in Tariff in FY 2021-22 over the tariff approved by AERA for FY 2020-21 as per Table 35 below:

Table 35: Year on Year (%) Increase in Tariff Proposed by IOSPL, Bangalore for the 3rd Control Period

Particulars		% Increase in Tariff Over previous Year				
		2021-22	2022-23	2023-24	2024-25	2025-26
Fuelling of Aircraft		40.63	4.40	4.40	4.40	4.40
Defuelling	Within 6 hours	40.63	4.40	4.40	4.40	4.40



of Aircraft	Beyond 6 hours	40.66	4.40	4.40	4.40	4.40
Refuelling of Defuelled Product	Within 6 hours	40.66	4.58	4.58	4.40	4.40
	Beyond 6 hours	40.66	4.40	4.40	4.40	4.40

12.2.2 The Authority, based on the proposed Aggregate Revenue Requirement (ARR), proposes to revise tariff rate with one time decrease of 11.48% for the 3rd Control Period at C.P. stage for ITP services provided by IOSPL, Bangalore as per Table 36 below:

Table 36: Tariff Rate Proposed to be considered by the Authority for IOSPL, Bangalore for the 3rd Control Period. (At Consultation stage)

		Amount (Rs. per KL)				
Particulars		2021-22	2022-23	2023-24	2024-25	2025-26
Fuelling of Aircraft		323.76	323.76	323.76	323.76	323.76
Defuelling of Aircraft	Within 6 hours	323.76	323.76	323.76	323.76	323.76
	Beyond 6 hours	388.44	388.44	388.44	388.44	388.44
Refuelling of Defuelled Product into an Aircraft	Within 6 hours	356.07	356.07	356.07	356.07	356.07
	Beyond 6 hours	388.44	388.44	388.44	388.44	388.44

12.3 Stakeholders' Comments on Tariff Rate for the 3rd Control Period:

HPCL's Comments on Tariff Rate for the 3rd Control Period:

12.3.1 HPCL uses the services of both IOSL and BSSPL at the airports where common user fuel farm & ITP Services are present which are Delhi, Mumbai and Bangalore. In case the tariffs for BSSPL and IOSL are different, HPCL's end customers would end up paying different rates at the same airport based on the choice of either IOSL or BSSPL which would be inappropriate and discriminatory. We therefore request the authority to keep rates of IOSL and BSSPL at par, however any tariff increases should be on a prospective basis only.

BPCL's Comments on Tariff Rate for the 3rd Control Period:

12.3.2 The two Consultation papers floated viz CP 03 / 2021-22 & CP 04 / 2021-22 dated 07th May 2021 and 13th May 2021 in the matter of determination of aeronautical tariff for M/s Indian Oil Sky Tanking Pvt Ltd (IOSPL) and M/s Bharat Stars services Pvt Ltd (BSSSPL) respectively for providing into plane services (ITP) at CSI Airport, Mumbai for the 3rd control period (FY 2021-22 to FY 2025-26) proposes huge difference in tariff for IOSPL & BSSPL in all the years. Since the level of service is same & they necessarily need to follow the same parameter of Safety and Quality at the time of execution of work and there are well defined service parameters for ITP services benchmarked to international standards & ITP agencies need to diligently follow strict guidelines for Safety and Quality the ITP charges should be at par for both the service providers at Kempegowda International Airport, Bangalore.



IATA's Comments on Tariff Rate for the 3rd Control Period:

12.3.3 IATA has supported AERA proposal for one-time reduction in tariffs and stated that AERA's thorough review which results in a 11.48% one-time reduction in tariffs over the 5-year control period compared to what was sought by IOSPL. This outcome is most welcomed and will help to support a successful recovery of the industry.

IOSPL's Comments on Tariff Rate for the 3rd Control Period:

12.3.4 The Authority has proposed a one-time decrease of 11.48% for 3rd Control Period and also no increase thereon for the entire 3rd Control Period. As the Authority is aware, the COVID pandemic has severely impacted India and aviation sector is amongst the worst affected industry. We request AERA that, nominal inflation adjustment, at the minimum, should be considered for the proposed tariffs.

IOSPL, Bangalore's response to HPCL's Comments regarding Tariff Rate for the 3rd Control Period:

12.3.5 IOSPL, Bangalore has concurred with the issue highlighted by HPCL that both service providers should operate on same rates to maintain parity and would request the authority to favorably consider this request.

IOSPL, Bangalore's response to IATA's Comments regarding Tariff Setting Principles for the 3rd Control Period:

12.3.6 IOSPL, Bangalore has stated that a reduction in tariff from the prevailing rates and to continue operating at the same tariff for duration of 05 years is not sustainable and unjustified. Subsidizing one segment (i.e., Airlines) at the cost of another is not a fair approach and we strongly oppose the tariff proposed by AERA in CP 03/2021-22.

12.4 Authority's examination and decisions on Tariff Rate for the 3rd Control Period

12.4.1 The Authority noted the comments of BPCL and HPCL with regard to same tariff for both the ITP service providers and any increase in tariffs should be on a prospective basis. The Authority while determining the tariff, takes into consideration the set procedure and the tariff determination is based on individual service provider's revenue requirement for efficient and viable operations and quality of service to be provided to the users and the tariff for each service provider is determined after taking into account its operational cost, infrastructure cost, business volumes etc.

12.4.2 Further, the Authority is of the view that determining the same tariff for competitive firms would mean preventing competing firms from further improving their efficiency and reducing their rates.

12.4.3 The Authority is cognizant that even though service provided by two different service providers can be similar, but the cost of providing the same service cannot be the same. The Authority is, therefore of the considered view that the tariff for two firms should not be same.

12.4.4 Regarding HPCL's comment that any increase in tariffs should be on a prospective basis, the Authority clarifies that tariffs are applicable from the date of issue of Order or from a specific date in future.



- 12.4.5 The Authority with regard to submission of IOSPL on one time reduction in Tariff clarifies that the tariff determination is based on Aggregate Revenue Requirement (ARR) of IOSPL, Bangalore which has declined slightly for the 3rd Control Period.
- 12.4.6 The Authority noted the comments of IATA one-time reduction in tariffs over the 5-year control period.
- 12.4.7 The Authority noted that as per revised computations the one-time decrease in tariff works out to 9.58% in FY 2021-22 to meet the Aggregate Revenue Requirement (ARR) of IOSPL, Bangalore for the 3rd Control Period.
- 12.4.8 The decrease in tariff rates due to the revision in Fuel throughput as detailed at para 3.4.3 & 3.4.4 and the date of implementation of this tariff order shall be from 01.10.2021 in place of 01.04.2021 as considered in the consultation paper. Due to these factors, the revenue, OPEX and taxation has been revised. Hence, the one time decrease in tariff works out to 9.58% in FY 2021-22 as against 11.48% proposed in Consultation Paper no 03/2021-22.
- 12.4.9 Further, the Authority, keeping in view the current economic condition of the aviation sector and comments received from stakeholders decided to stagger the tariff decrease during the control period instead of giving one time decrease. The Authority has therefore decided to decrease the tariff at the rate of 5.00% in FY 2021-22 (w.e.f. 01.10.2021), 2.50% in FY 2022-23 and thereafter YoY by 2.00% from FY 2023-24 onwards of the 3rd Control Period. The revised tariff rates is given in ANNEXURE-I.

12.5 Authority's Decisions on Tariff Rate for the 3rd Control Period.

Based on the material before it and its analysis, the Authority has decided the following regarding Tariff Rate for IOSPL, Bangalore for the 3rd Control Period:

- 12.5.1 The Authority decides to consider the Tariff Rate for IOSPL, Bangalore for the 3rd Control Period (01.10.2021 to 31.03.2026) as per ANNEXURE-I.

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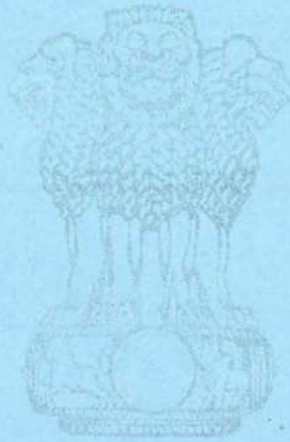
CHAPTER 13. SUMMARY OF AUTHORITY'S DECISIONS

The below mentioned provides a summary the Authority's decisions (given under each chapter) regarding the tariff determination of IOSPL, Bangalore for the 3rd Control Period (FY 2021-22 to FY 2025-26):

Chapter and Para		Summary Of Authority's Decisions	Page No.
Chapter No 2	2.7.1	The Authority decides to adopt "Price Cap Approach" on 'Single Till' basis for Tariff determination for IOSPL, Bangalore for the 3rd Control Period.	18
Chapter No 3	3.5.1	The Authority decides to consider Fuel Throughput Forecast for the 3rd Control Period for IOSPL, Bangalore as per Table 6.	23
	3.5.2	The Authority decides to true-up the Fuel Throughput (volume) on the basis of actual off take in 3rd Control Period while determining tariffs for the Next Control Period.	
Chapter No 4.	4.5.1	The Authority decides to consider Capital Expenditure for the 3rd Control Period for BSSPL, Bangalore as per Table 10.	29
	4.5.2	The Authority, in order to ensure that IOSPL adheres to the Capital Expenditure plan, proposes to reduce 1% of the non capitalized CAPEX from ARR/Target Revenue, as re-adjustment, in case any particular CAPEX is not completed as per the Capitalization schedule, in the True-up exercise for the 3rd Control Period during determination of tariff for the Next Control Period.	
	4.5.3	The Authority decides to true up the CAPEX based on actuals at the time of tariff determination for Next Control Period.	
Chapter No 5.	5.4.1	The Authority decides to consider Depreciation for the 3rd Control Period as per Table 12.	31
	5.4.2	The Authority decides to true up the depreciation based on actuals at the time of tariff determination for next Control Period.	
Chapter No 6.	6.4.1	The Authority, keeping in view of the above, has therefore decides to consider the Regulatory Asset Base (RAB) for the 3rd Control Period as given in the Table 15 above.	33
Chapter No 7.	7.4.1	The Authority decides to consider 14% as Fair Rate of Return (FROR) for IOSPL, Bangalore for the 3rd Control Period.	34
Chapter No 8.	8.5.1	The Authority decides to consider Other Income for the 3rd Control Period as per Table 16.	36
	8.5.2	The Authority decides to true up the Other Income based on actuals at the time of tariff determination for next Control Period.	
Chapter No 9.	9.5.1	The Authority decides to consider Operation and Maintenance Expenditure as shown in the Table 24.	43
	9.5.2	The Authority decides to true up the Operation and Maintenance Expenditure based on actuals at the time of tariff determination for next Control Period.	
Chapter No 10.	10.5.1	The Authority proposes to consider provision for taxation as shown in table 28 for determination of ARR for the 3rd control period of IOSPL, Bangalore.	46
	10.5.2	The Authority proposes to true up the provision for taxation based on actual tax paid at the time of tariff determination for next Control Period.	



Chapter No 11.	11.5.1	The Authority decides to consider the ARR for IOSPL, Bangalore for the 3rd Control Period as per table 33.	51
	11.5.2	The Authority decides to true up the ARR based on actuals at the time of tariff determination for next Control Period.	
Chapter No 12.	12.5.1	The Authority decides to consider the Tariff Rate for IOSPL, Bangalore for the 3rd Control Period (01.10.2021 to 31.03.2026) as per ANNEXURE-I.	55



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CHAPTER 14. ORDER

Upon careful consideration of the material available on records, the Authority, in exercise of powers conferred by Section 13(1) (a) of the Airport Economic Regulatory Authority of India Act, 2008 hereby orders that:

- (i) IOSPL, Bangalore is permitted to levy the tariff for Into Plane Services as per tariff card at **Annexure-I** for the 3rd Control Period (**w.e.f. 1st October, 2021 to 31st March 2026**).
- (ii) The levy of new tariffs shall be **effective from 1st October, 2021**.
- (iii) The tariff rates approved herein are ceiling rates, excluding taxes, if any, and, as applicable.
- (iv) The Airport Operator shall ensure compliance of the Order.

By the Order of and in the name of the Authority


(Col. Manu Sooden)
Secretary

To,

Shri T.S. Dupare
Chief Executive Officer,
Indian Oil Skytanking Private Ltd
Bangalore international airport, Devenahalli,
Bangalore-560 300

Copy to:

- 1. Secretary, Ministry of Civil Aviation**
Rajiv Gandhi Bhawan,
Safdarjung Airport,
New Delhi – 110 003.
- 2. Shri Hari Marar,**
Chief Executing Officer,
Bangalore International Airport Limited
Kempegowda International Airport Bengaluru, Devanahalli,
Bangalore – 560300, India.



ANNEXURE-I

AERA APPROVED MAXIMUM TARIFF RATE

For Indian Oil Skytanking Private Limited (IOSPL) providing Into Plane Services at at Kempegowda International Airport, Bangalore for the 3rd Control Period (01.10.2021 to 31.03.2026)

Particulars		Applicable w.e.f. 01.10.2021 to 31.03.2022	01.04.2022 to 31.03.2023	01.04.2023 to 31.03.2024	01.04.2024 to 31.03.2025	01.04.2025 to 31.03.2026
Fuelling of Aircraft		347.46	338.78	332.00	325.36	318.85
Defuelling of Aircraft	Within 6 hours	347.46	338.78	332.00	325.36	318.85
	Beyond 6 hours	416.88	406.46	398.33	390.36	382.55
Refuelling of Defuelled Product into an Aircraft	Within 6 hours	382.14	372.58	365.13	357.83	350.67
	Beyond 6 hours	416.88	406.46	398.33	390.36	382.55

NOTE: The rates approved herein are ceiling rates, excluding taxes, if any, and, as applicable as per Government Orders issued from time to time.

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