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Order No. 32/2023-24



सत्यमेव जयते

भारतीय विमानपत्तन आर्थिक विनियामक प्राधिकरण
Airports Economic Regulatory Authority of India

मैसर्स इंडोथाई वाराणसी प्राइवेट लिमिटेड (आई.वी.पी.एल.) द्वारा लाल बहादुर शास्त्री अंतर्राष्ट्रीय हवाई अड्डा, वाराणसी में प्रदान की जा रही ग्राउंड हैंडलिंग सेवाओं के लिए प्रथम नियंत्रण अवधि (वित्त वर्ष 2023-24 से वित्त वर्ष 2027-28) के लिए टैरिफ निर्धारित करने के मामले में

IN THE MATTER OF DETERMINATION OF TARIFF
FOR THE GROUND HANDLING SERVICES FOR M/s INDOTHAIR VARANASI PRIVATE
LIMITED (IVPL) AT LAL BHADUR SHASTRI INTERNATIONAL AIRPORT, VARANASI
FOR THE FIRST CONTROL PERIOD (FY 2023-24 TO FY 2027-28)

जारी करने की तारीख : 08.01.2024

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List of Abbreviations:

AERA / Authority	Airports Economic Regulatory Authority of India
AIASL	AI Airport Services Limited
ATM	Air Traffic Movement
ATP	Annual Tariff Proposal
BCAS	Bureau of Civil Aviation Security
CAPEX	Capital Expenditure
COD	Commercial Operations Date
CGF	Cargo Facility, Ground Handling & Supply of Fuel to the Aircraft
EBIDTA	Earnings Before Interest, Depreciation, Tax and Amortization
GHA	Ground Handling Agencies
GHS	Ground Handling Services
INR/₹	Indian Rupees
ISP	Independent Service Provider
IAMSPL	IndoThai Airport Management Services Private Limited
IVPL	IndoThai Varanasi Private Limited
LOIA	Letter of Intent to Award
MAG	Minimum Annual Guarantee
MoM	Minutes of Meeting
MTOW	Maximum Take Off Weight
MYTP	Multi-Year Tariff Proposal
OPEX	Operating Expenditure
O&M	Operation and Maintenance
PAT	Profit After Tax
P&L	Profit & Loss
SPV	Special Purpose Vehicle
Y-o-Y	Year on Year



CHAPTER 1: INTRODUCTION

- 1.1 M/s IndoThai Airport Management Services Private Limited (IAMSPL), vide its letter dated 24.09.2021, informed the Authority it had been awarded the contract for providing Ground Handling Services at Lal Bahadur Shastri International Airport, Varanasi by Airports Authority of India (Airport Operator) vide its Letter of Intent to Award (LOIA) dated 13.04.2021.
- 1.2 As per the Letter of Intent to Award (LOIA) dated 13.04.2021, M/s IAMSPL was required to form a Special Purpose Vehicle (SPV) within 30 days from issuance of LOIA. Accordingly, the SPV namely M/s IndoThai Varanasi Private Limited (IVPL) was incorporated on 14.05.2021, under the Companies Act, 2013.
- 1.3 The shareholding structure of the M/s IndoThai Varanasi Private Limited (SPV), as informed by the ISP, is tabulated as below:

Table-1: Shareholding Structure of M/s IVPL, Varanasi:

Name of Shareholder	No. of Equity Shares	Equity Holding (%)
M/s IndoThai Airport Management Services Private Limited	9,900	99%
Shyam Sunder Malani	100	1%
Total	10,000	100%

- 1.4 Bureau of Civil Aviation Security (BCAS) granted security clearance to M/s IndoThai Varanasi Private Limited vide letter dated 12.05.2022 for a period of five years, from the date of issuance of the security clearance.
- 1.5 Airports Authority of India and M/s IndoThai Varanasi Pvt. Ltd. entered into a License Agreement dated 06.07.2022 for providing Ground Handling Services at Lal Bahadur Shastri International Airport, Varanasi for a period of five years, from the Commercial Operations Date.
- 1.6 Upon receipt of request from M/s IndoThai Varanasi Pvt. Ltd. vide its letter dated 18.05.2022, the Authority, vide its Order No. 12/2022-23 dated 05.07.2022, allowed M/s IndoThai Varanasi Pvt. Ltd. to levy and collect, on Ad-hoc basis, Tariff for Ground Handling Services at Lal Bahadur Shastri International Airport, Varanasi w.e.f. 11.07.2022 to 31.03.2023.

The Authority, extended the Ad-hoc Tariff (as on 31.03.2023) upto 30.09.2023, vide Order No. 42/2022-23 dated 23.03.2023.

Thereafter, the Authority, vide Order No. 20/2023-24 dated 27.09.2023 further extended the Ad-hoc tariff (as on 30.09.2023) for the period from 01.10.2023 up to 31.03.2024, or, till the determination of regular Tariff for the ISP, whichever is earlier.

- 1.7 In accordance with the Airports Economic Regulatory Authority of India (Terms and Conditions for Determination of Tariff for Services provided for Cargo Facility, Ground Handling and supply of Fuel to the Aircraft) Guidelines, 2011 (CGF Guidelines), M/s IVPL, submitted its Multi Year Tariff Proposal (MYTP) on 12.09.2023, for the determination of

regular Tariff pertaining to the First Control Period, in respect of the Ground Handling Services being provided by the ISP at Lal Bahadur Shastri International Airport, Varanasi.

- 1.8 Subsequently, the ISP based on the AERA observations submitted the revised MYTP on 20.10.2023 to the Authority, after considering the First Control Period from the FY 2023-24 to FY 2027-28.
- 1.9 The Authority, carefully examined the MYTP for the First Control Period submitted by M/s IndoThai in respect of Ground Handling Services at Lal Bahadur Shastri International Airport, Varanasi and issued a Consultation Paper (CP) No. 18/2023-24 dated 17.11.2023, invited suggestions/ comments from the stakeholders on various proposals of the Authority contained in the CP with the following timelines:
- Date for submission of written comments by Stakeholders: 08.12.2023
 - Date for submission of counter comments by ISP: 15.12.2023
- 1.10 The Authority received comments from the stakeholder namely, M/s SpiceJet Ltd. on the various proposals of the Authority contained in the abovesaid Consultation Paper and the same were uploaded on the AERA's website vide Public Notice No. 24/2023-24 dated 11.12.2023.
- 1.11 The Authority, in response to Public Notice No. 24/2023-24 dated 11.12.2023, received counter comments from M/s IndoThai on 14.12.2023.
- 1.12 The Authority, after examining the comments of stakeholder i.e., M/s SpiceJet Ltd. and counter comments of the ISP on the above referred CP, and after considering other relevant aspects of the case, has finalized this Tariff Order.

Stakeholder's Comments:

- 1.13 **M/s SpiceJet's Comments on the review of Tendering Process (1.2 of the CP):**

"The Authority is requested to ensure that Airport Operators do not award concessions to independent service providers based solely on the revenue share offered, as this breeds inefficiencies and could disproportionately increase costs for airlines.

In addition, the Authority is requested to review and ensure that due process for all Related Party Transactions in connection with award of concession to IVPL has been followed and approved as per appropriate governance practices."

- 1.14 **M/s IndoThai's response to comments of SpiceJet:**

"This is not in the scope of Ground Handling Agency (GHA), only the concerned Authority can comment."

Authority's Analysis on the Stakeholder's Comments regarding review of tendering process:

- 1.15 As regard to the aspect of awarding Concessions by the Airport Operator on Revenue Share basis, the Authority observes that Concession Fee/ Revenue Share paid by the ISP to the Airport Operator is in accordance with the Concession Agreement executed between the



Service Provider and the Airport Operator. Further, as per regulatory approach of AERA, the royalty paid by the ISPs to the Airport Operators is treated as aeronautical revenues in the hands of Airport Operators; hence, such revenues directly help in subsidizing the Aeronautical Tariffs, levied by the Airport Operators to the Airlines.

As per the Authority, bidding process to award such contracts, based on which ISPs pays Revenue Share to Airport Operators, is a non-regulatory issue and such matters may be dealt between the stakeholders at the appropriate forum.

- 1.16 As regard to the comments of M/s SpiceJet regarding compliance of the provisions pertaining to related party transactions, in connection with award of concession by the Airport Operator to the ISP, the Authority is of the view that it is the responsibility of the Airport Operator to ensure compliances of pertinent statutory provisions, including the aspects of related party transactions under the Companies Act, 2013, and any statutory obligation mandated in this regard.



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CHAPTER 2: PRINCIPLES FOR THE DETERMINATION OF TARIFF FOR THE AERONAUTICAL SERVICES

- 2.1 The Authority, vide Order No. 12/2010-11 dated 10.01.2011, finalized its approach in the matter of Regulatory Philosophy and Approach in Economic Regulation of the Services provided for Cargo Facility, Ground Handling and Supply of Fuel to the Aircraft at the Major Airports. Accordingly, the Authority issued the Airports Economic Regulatory Authority of India (Terms and Conditions for Determination of Tariff for Services provided for Cargo Facility, Ground Handling and supply of Fuel to the Aircraft) Guidelines, 2011 ("CGF Guidelines"), vide its Direction No. 04/2010-11 dated 10.01.2011.
- 2.2 In accordance with above mentioned AERA CGF Guidelines, the following procedure is adopted for the determination of the Materiality Index of Regulated Service, as per clause 4.4 of the Guidelines:

MATERIALITY ASSESSMENT:

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

$$\begin{aligned}\text{The Materiality Index for Varanasi Airport} &= 2069/420772 \\ &= 0.49\%\end{aligned}$$

The percentage share of Lal Bahadur Shastri International Airport, Varanasi, in respect of the International Aircraft Movements for the FY 2019-20 is 0.49%, which is less than 5% Materiality Index (MI_G) for the subject regulated service. Hence, the Regulated Service (Ground Handling Services) is deemed as 'Not Material' for the First Control Period, at Lal Bahadur Shastri International Airport, Varanasi, as per clause 4.4 (ii) of the Guidelines.

- 2.3 As per the information furnished by M/s IVPL in Form F1 (b) on competition Assessment, M/s AI Airport Services Limited (AIASL) is also rendering similar services at Lal Bahadur Shastri International Airport, Varanasi.
- 2.4 As per Clause 3.2 (i) of the CGF Guidelines, wherever the Regulated Service provided is 'Not Material', the Authority shall determine Tariff(s) for Service Provider(s) based on a '**Light Touch Approach**' for the duration of the Control Period, as per the provisions of Chapter V of the Guidelines.
- 2.5 As per clause 11.2 of the CGF Guidelines, the Annual Tariff Proposal (ATP) is required to be submitted in the manner and form provided in AI 8.2 of Appendix-I to the Guidelines and should be supported by the following:
- a) Evidence of Consultation with Stakeholders;
 - b) Evidence of User Agreement(s), if any, between the Service Provider and the User of Regulated Service(s) clearly indicating the Tariff proposed by the Service Provider.
- 2.6 The Authority noted that M/s IVPL submitted the Annual Tariff Proposal (ATP) along with its MYTP. It is observed that the ISP conducted stakeholders' consultation meeting on



11th September, 2023 and submitted Minutes of Meeting (MoM) to the Authority, vide email dated 15.09.2023. As per the MoM, the representatives of Vistara Airlines and Akasa Air participated in the referred consultation meeting. From the MoM, it is noted that none of the stakeholders has raised any issue regarding the Tariff proposed by ISP, for the First Control Period.

Authority's decision regarding principles for the determination of Tariff for the Aeronautical Services:

- 2.7 Based on the material before it and its analysis, the Authority decides to consider the Tariff determination exercise for M/s IVPL, in respect of the Ground Handling Services being provided by the ISP at Lal Bahadur Shastri International Airport, Varanasi, under the '**Light Touch Approach**' for the First Control Period, as the regulated service is deemed '**Not Material**'.



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CHAPTER 3: AIRCRAFT TRAFFIC (FLIGHTS TO BE HANDLED)

M/s IndoThai Varanasi Pvt. Ltd. submission on the Projected Aircraft Traffic (Flights to be Handled) during the First Control Period

3.1 Actual Aircraft Traffic (No. of Landings) handled at the Lal Bahadur Shastri International Airport, Varanasi from FY 2018-19 to FY 2022-23 is given below:

Table 2: Actual Aircraft Traffic handled at Lal Bahadur Shastri International Airport, Varanasi during FY 2018-19 to FY 2022-23

Year	Total number of Landings at Varanasi Airport			Y-o-Y % increase		
	Domestic	International	Total	Domestic	International	Total
2018-19	9992	917	10909	--	--	--
2019-20	10994	1034	12028	10%	13%	10.25%
2020-21	7114	84	7198	-35%	-92%	-40%
2021-22	7825	247	8072	10%	194%	12%
2022-23	9109	470	9579	16%	90%	19%

3.2 Projected Aircraft Traffic (flights to be handled) for the First Control Period submitted by M/s IVPL, Varanasi is given below in Table 3.

Table 3: Projected Aircraft Traffic (Flights to be handled by the ISP) submitted by M/s IVPL, Varanasi for the First Control Period

Year	Flights to be handled by M/s IVPL for the First Control Period		Total (No. of Landings)	Y-o-Y % increase		
	Domestic (No. of Landings)	International (No. of Landings)		Domestic	International	Total
2023-24	1390	25	1415	-	-	-
2024-25	1456	30	1486	5%	20%	5%
2025-26	1535	35	1570	5%	20%	6%
2026-27	2548	43	2591	66%	20%	65%
2027-28	2674	51	2725	5%	20%	5%
TOTAL	9603	183	9786			

Authority's Examination of the Projected Aircraft Traffic at Consultation Stage:

3.3 The Authority observed that the ISP started its commercial operations from 16.07.2022 and had operated partially during the FY 2022-23. Therefore, for the purpose of tariff determination, the Authority had considered the FY 2023-24 as the First Tariff Year and FY 2027-28 as the Fifth/Last Tariff Year of the First Control Period, in respect of the ISP at Lal Bahadur Shastri International Airport, Varanasi.



- 3.4 The Authority noted that M/s IVPL projected a Y-o-Y increase of 5% to 6% for all the tariff years of the Control Period, in respect of the aircraft traffic (flights to be handled by the ISP) except for FY 2026-27, where the ISP had considered an increase of 65% in the projected aircraft traffic.

The Authority sought clarification from the ISP regarding very high increase projected in the aircraft traffic (flights to be handled) during the FY 2026-27. The ISP, vide email dated 24.10.2023 informed the Authority that it has projected aggressive traffic, considering the re-commencement of operations by the Jet Airways in the FY 2026-27 and expected new business from Air India as some business expected to be shifted from earlier service provider.

- 3.5 As per the statistics available at AAI website, the total Aircraft Traffic (Domestic and International) at Lal Bahadur Shastri International Airport, Varanasi in FY 2022-23 had reached to 80% of the actual Aircraft Traffic handled at the airport in the pre-Covid year i.e., FY 2019-20.
- 3.6 The ISP is expected to have market share of around 14.8% at Lal Bahadur Shastri International Airport, Varanasi, based on M/s IVPL's projected level of operations during the FY 2023-24 when compared to the actual number of total flights handled in the FY 2022-23 at the Varanasi Airport (as per table 2 & 3).
- 3.7 The details of the agencies providing Ground Handling Services to the major airlines at the Varanasi Airport, as per the ISP, is tabulated below:

Airline	Ground Handling Agency/ Self Handling
Air India	M/s AI Airport Services Limited
Air India Express	M/s AI Airport Services Limited
Akasa Air	M/s IndoThai Varanasi Private Limited
Indigo	Self-Handling
Spice Jet	Self-Handling
Vistara Airlines	M/s AI Airport Services Limited

- 3.8 The Authority, considering that the ISP is new entrant at Lal Bahadur Shastri International Airport, Varanasi and taking into account the market competition among the two service providers, considered the Aircraft Traffic projected (flights to be handled) by the ISP for the First Control Period as reasonable.

Accordingly, the Authority proposed to consider Traffic projections (flights to be handled) as submitted by M/s IVPL for its First Control Period, as given in Table 3 above.

Stakeholder's Comments:

M/s SpiceJet's Comments on the projected traffic (para 3.4 of the CP):

- 3.9 *"The traffic to be handled by IVPL in 2026-27 has been projected to increase by 65%. However, as there is no evidence that the carrier mentioned in Para 3.4 would take wings by 2026-27, the projections for Traffic, Revenue, Opex and Capex appear on higher side for that year. Authority may like to review these projections accordingly."*

3.10 M/s IndoThai's response to comments of SpiceJet:

"We have projected an increase of 60% in the FY 2026-27 considering majorly that we will be able to handle Air India may offer us handling their aircraft as cooling period of takeover deal of Air India would be completed by December, 2025 which seems realistic as we are handling AIX Connect at all our airports wherever we have a presence and that happened only after Air India was taken over by Tatas, with respect to Jet we are very much hopeful as we still have more than two and a half year and we are confident it will start by then."

Authority's Analysis on the Stakeholders' comments regarding traffic projected by the ISP:

- 3.11 With respect to the comments of M/s SpiceJet regarding significant increase in Aircraft traffic in FY 2026-27, the Authority notes that M/s IndoThai has adequately responded/clarified on the points raised by the stakeholder.

Further, the Authority notes that apart from FY 2026-27 where the IVPL has proposed high traffic growth over the previous year, the ISP has considered only a nominal increase in aircraft traffic growth (flights to be handled by the ISP) ranging between 5% to 6% during the Control Period. Considering the above, the overall aircraft traffic projected for the Control Period appears reasonable.

- 3.12 The Authority, subsequent to consultation process, has again reviewed the total Aircraft Traffic at Varanasi International Airport and observed that during the period from April 2023 to November 2023, the total Aircraft Traffic (Domestic + International) at Varanasi Airport has increased by 4% as compared to the corresponding period of FY 2022-23.

- 3.13 In view of the above, the Authority decides to consider projected aircraft traffic (Flights to be handled by the ISP) for the First Control Period as submitted by the ISP (as per Table 3).

Authority's decision regarding the projected Aircraft Traffic Volume (Flights to be handled by the ISP) for the First Control Period:

- 3.14 Based on the material before it and its analysis, the Authority decides to consider the Aircraft Traffic (Flights to be handled by the ISP) for the First Control Period as per Table 3.

CHAPTER 4: CAPITAL EXPENDITURE (CAPEX)

M/s IndoThai Varanasi Pvt. Ltd.'s submission on Capital Expenditure for the First Control Period

- 4.1 M/s IVPL had projected a total Capital Expenditure (CAPEX) of ₹278.55 Lakhs for the First Control Period, as a part of its MYTP submissions. The projected CAPEX had been proposed to be incurred during FY 2023-24 to FY 2027-28. The year-wise & asset category-wise Capital Expenditure projected by ISP is given below:

Table 4: Projected Capital Expenditure submitted by M/s IVPL for the First Control Period

(₹ in Lakhs)

Particulars of Assets	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	Total
Ground Handling Equipment	17.50	25.70	26.40	103.70	10.85	184.15
Vehicles	-	30.20	42.70	6.00	-	78.90
Furniture and Fittings	2.50	-	2.50	2.50	1.50	9.00
Office Equipment	2.50	1.00	1.00	1.00	1.00	6.50
Total	22.50	56.90	72.60	113.20	13.35	278.55

- 4.2 The ISP also provided detailed bifurcation of the proposed CAPEX for the First Control Period as under:

Table 5: Breakup of Capital Expenditure as submitted by M/s IVPL for the First Control Period

(₹ in Lakhs)

Sl. no.	Particulars	Cost/ Unit (₹ in lakhs)	FY 2023-24		FY 2024-25		FY 2025-26		FY 2026-27		FY 2027-28		Total
			Qty.	Amount	Qty.	Amount	Qty.	Amount	Qty.	Amount	Qty.	Amount	
1.	Ground Handling Equipment:												
	Tow bar	7.50		-	1	7.50		-		-		-	7.50
	Tugs	25.00		-		-		-	1	25.00		-	25.00
	Electric Baggage Tractors	35.00		-		-		-	2	70.00		-	70.00
	Towable Pax Step ladder	8.00		-		-	1	8.00		-		-	8.00
	Vacuum Cleaner	0.50		-		-		-	4	2.00	2	1.00	3.00
	Baggage Trolley – Covered	0.65		-	16	10.40	25	16.25		-	10	6.50	33.15
	Ambulift Towable	12.00	1	12.00		-		-		-		-	12.00
	Fire Extinguisher trolley	0.15		-	2	0.30	1	0.15	2	0.30	1	0.15	0.90
	Trestle/ Ladder	2.00	1	2.00		-		-		-		-	2.00
	Wheelchairs	0.22		-	25	5.50		-	20	4.40	10	2.20	12.10
	FUEL BOWSER	1.50	1	1.50		-		-		-		-	1.50
	Miscellaneous	-	-	2.00	-	2.00	-	2.00	-	2.00	-	1.00	9.00
	Total	-	-	17.50	-	25.70	-	26.40	-	103.70	-	10.85	184.15
2.	Vehicles:												

	Bus/Coaches - Mini	30.20		-	1	30.20	1	30.20		-		-	60.40
	Car – KIA	12.39		-		-	1	12.50		-		-	12.50
	Car	5.97		-		-		-	1	6.00		-	6.00
	Total	-	-	-	-	30.20	-	42.70	-	6.00	-	-	78.90
3.	Furniture & Fittings	-	-	2.50	-	-	-	2.50	-	2.50	-	1.50	9.00
4.	Office Equipment	-	-	2.50	-	1.00	-	1.00	-	1.00	-	1.00	6.50
	GRAND TOTAL	-	-	22.50	-	56.90	-	70.10	-	113.20	-	13.35	278.55

Authority's Analysis of the CAPEX proposed by the ISP at Consultation Stage:

- 4.3 The Authority noted that the ISP had projected a total CAPEX of ₹278.55 lakhs for the First Control Period. It was observed that out of the total CAPEX, a major portion of the CAPEX i.e., ₹184.15 lakhs have been earmarked for the Ground Handling Equipment and ₹78.90 lakhs on the procurement of Vehicles.
- 4.4 On enquiry about the status of CAPEX incurred in FY 2023-24 till date, the ISP informed that they have not incurred any CAPEX so far; but as per the ISP, the projected CAPEX will be achieved before the end of the current financial year.
- 4.5 The Authority, based on its examination, observed that M/s IVPL had proposed only necessary CAPEX for the assets/ equipment which are essential for the smooth Ground Handling Operations at the airport. The Authority, therefore, proposed to consider the CAPEX for the First Control Period submitted by the ISP, as per Table 4 above.
- 4.6 The Authority observed that the ISP would be entitled to claim GST Input Tax Credits (ITC) on the procurement of various eligible movable assets etc., accordingly, the Authority advised the ISP to claim the eligible ITC on such assets and exclude the GST component from the capitalized value of such assets.

Stakeholders' Comments:

- 4.7 The Authority received no comments/views from stakeholders in respect of CAPEX proposed by the ISP for the First Control Period.
- 4.8 In view of the above, the Authority decides to maintain the same view on the projected CAPEX, as was taken at the Consultation Stage.

Authority's decision regarding CAPEX for the First Control Period

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

CHAPTER 5: REVENUE, OPERATING EXPENDITURE AND PROJECTED PROFITABILITY

M/s IVPL's Submission on Operating Expenditure for the First Control Period

- 5.1 As provided in Clause 9.4 of the CGF Guidelines, the Operation and Maintenance (O&M) Expenditure shall include all expenditures incurred by the Service Provider(s) including expenditure incurred on security operating costs, other mandated operating costs and statutory operating costs.
- 5.2 Operation and Maintenance Expenditure of M/s IVPL in respect of its Ground Handling operations at Lal Bahadur Shastri International Airport, Varanasi has been broadly categorized as under:
- Payroll Costs;
 - Repair & Maintenance Costs;
 - Concession Fee/ Revenue Share payable to Airport Operator;
 - Utilities & Outsourcing Costs;
 - Administrative & General Expenses

- 5.3 As per the MYTP submission, Revenue, Operating Expenditure (OPEX) and Profitability projected by the ISP for the First Control Period (FY 2023-24 to FY 2027-28) is as under:

Table 6: Revenue, Operating Expenditure and Profitability projected by M/s IVPL for the First Control Period

(₹ in Lakhs)

Particulars	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	TOTAL
Revenue from Regulated Services (A)	319.41	354.19	395.57	634.62	735.40	2439.18
Revenue from Non-Regulated Services (B)	-	-	-	-	-	-
Total Revenue from Services (A+B) = (C)	319.41	354.19	395.57	634.62	735.40	2439.18
Operating Expenditure (OPEX)						
Payroll Costs (i)	218.95	229.89	241.39	253.46	266.13	1209.82
Repair & Maintenance Costs (ii)	22.82	24.39	26.07	27.87	29.80	130.96
Concession Fee / Revenue Share payable to Airport Operator (iii)	156.44	128.49	102.80	82.24	65.79	535.76
Utilities & Outsourcing Costs (iv)	1.17	1.19	1.21	1.24	1.26	6.06
Administrative & General Expenses (v)	30.19	31.04	32.49	34.02	35.94	163.68
Total OPEX (i+ii+iii+iv+v) = (D)	429.57	415.01	403.96	398.82	398.92	2,046.28
Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) (C-D) = (E)	-110.15	-60.82	-8.39	235.79	336.47	392.90
Depreciation and Amortization (F)	51.39	51.94	54.01	59.93	55.27	272.54
Interest & Finance Charges (G)	126.08	146.39	161.92	161.61	144.30	740.31
Profit Before Tax (PBT) (E-F-G) = (H)	-287.63	-259.15	-224.33	14.25	136.90	-619.96
Provision for Tax* (I)	-	-	-	-	-	-
Profit After Tax (PAT) (H-I) = (J)	-287.63	-259.15	-224.33	14.25	136.90	-619.96

*Nil Tax Provision due to anticipated losses in first 3 tariff years of the Control Period.

Authority's Examination of the OPEX proposed by the ISP at Consultation Stage:

5.4 The Authority analyzed the Operating Expenditure provided in Form F3 (P&L) of the MYTP and had observed following Y-o-Y% increase in Revenue & OPEX considered by the ISP for the First Control Period, as per Table 8 below:

Table 7: Year-on-Year Percentage (%) increase in the Revenue and Operation & Maintenance Expenditure during the First Control Period

Particulars	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
Revenue from Regulated Services	11%	12%	60%	16%
Payroll Costs	5%	5%	5%	5%
Repair & Maintenance Costs	7%	7%	7%	7%
Concession Fee/ Revenue Share payable to Airport Operator	-18%	-20%	-20%	-20%
Utilities & Outsourcing Costs	2%	2%	2%	2%
Administrative & General Expenses	3%	5%	5%	6%

5.5 The Authority's examination of Y-o-Y % growth considered by the M/s IVPL in the projected OPEX for the Control Period, from FY 2024-25 (second tariff year) onward, is given in the following sections:

a) **Payroll Costs:** The Authority noted that the ISP had projected a Y-o-Y increase of 5% in Payroll Costs for the Control Period.

The Authority observed that the projected increase in payroll expenses considered by the M/s IVPL is significantly lower than the projected % increase in Aircraft Traffic volume and Revenues. In view of the above and taking into account the impact of periodic increase in minimum wages and annual salary increments and related increase in statutory component like EPF etc., the Authority considered the Y-o-Y increase projected by the ISP in Payroll Costs for the First Control Period as reasonable.

b) **Repairs & Maintenance Costs:** The Authority observed that M/s IVPL had projected a Y-o-Y increase of 7% in R&M expenses for all the Tariff Years during the Control Period. Considering the impact of annual general inflation, including annual increase in labour component of Repair & Maintenance Costs, as per the Authority, the projected R&M expenses considered by the ISP for the First Control Period appears reasonable.

c) **Concession Fee/ Revenue Share payable to Airport Operator:** The Authority noted that from the clause 7.1.1 of the concession agreement executed between AAI and M/s IVPL, Revenue share payable to the Airport Operator (AAI) is to be calculated as:

- (i) 3% of the Actual Gross Revenue from Scheduled Passenger Flight(s)
- (ii) 15% of the Actual Gross Revenue from Users other than Scheduled Domestic Passenger Flight (s) and RCS Flight(s)
- (iii) 0% for RCS Flight(s)



The Authority further noted that from clause 7.1.2 of the above said agreement, every year the ISP shall pay 'Premium', which is the maximum of "Minimum Annual Guarantee" (MAG) or the 'Revenue Share', calculated as per clause 7.1.1 of the Concession Agreement.

In the first year, Concessionaire will pay MAG quoted at the time of bid. From the second year onward, MAG for Concessionaire will be 80% of the previous year's 'premium' paid by the Concessionaire to the Authority.

As per the ISP, for the second tariff year (FY 2024-25), the premium has been considered based on expected revenue share (which is likely to be more than 80% of the previous year's MAG). However, for the remaining tariff years, M/s IVPL had considered the premium payable to the airport operator based on MAG figures, as the MAG for the respective years is expected to be higher than the Revenue Share (calculated as per the clause 7.1.1 of the agreement) for the same year.

Taking note of the clause 7.1.2 of the concession agreement and clarification furnished by the M/s IVPL, the Authority proposed to consider the premium payable to the airport operator as projected by ISP, for the First Control Period.

- d) **Utilities & Outsourcing Costs:** The Authority noted that M/s IVPL proposed a nominal increase @ 2% per annum in the utility & outsourcing costs for all the tariff years of the First Control Period. The Utility & Outsourcing costs primarily consist of power/electricity expenses and these expenses are directly linked with the number of flights to be handled.

The Authority, observed that Y-o-Y % increase in the projected Utility & Outsourcing Costs have been increased nominally, as compared to projected increase in Aircraft Traffic (flights to be handled by the ISP) and Revenues for the Control Period; therefore, the Utility & Outsourcing Costs projected by the ISP for the Control Period appears reasonable.

- e) **Administrative & General Expenses:** The Authority observed that as per the ISP, the Administrative & General Expenditure is expected to increase between 3% to 6% on Y-o-Y basis, during the First Control Period.

Considering that the projected increase in Aircraft Traffic and taking into account impact of annual general inflation, the Y-o-Y increase projected by ISP in respect of Administrative and General Expenses for the First Control Period appears reasonable.

- 5.6 The Authority also observed that as per the profitability statement projected by the M/s IVPL (Table 6), the service provider is likely to incur losses in the first three Tariff Years of the First Control Period. However, thereafter, the ISP is expected to generate profits in the background of expected significant growth in aircraft traffic & increase in market share.
- 5.7 In view of the above, the Authority proposed to consider the projected Revenue & OPEX for the First Control Period, as submitted by the ISP.

Stakeholders' Comments:

5.8 M/s SpiceJet's Comments on the Abolishment of Royalty Charges/ Concession Fee (Refer Table 6 & 7 of the CP):

"We urge the Authority to take measures to abolish royalty which may be included in any of the cost items, making it a burden on the airlines, thus leading to higher air fares and lower traffic. It may be pertinent to note that market access fee by any name or description is not practiced in most of the global economies, including EU, Australia etc."

5.9 M/s SpiceJet's comments on Projected R&M Costs (Table 6 & 7 of the CP):

"In addition, the Repair & Maintenance cost projected at 7% for FY 2024-25 appears to be high, considering the equipment would be new. We request the Authority to kindly review the same. It may please be noted that costs incurred by IVPL impacts the airlines, as such the cost is passed through or borne mostly by airlines. In order to ensure that there is no adverse impact in the tariff, we request Authority to kindly put on hold increase in operational expenditure by IVPL not related to safety or security."

M/s IndoThai's response to comments of SpiceJet:

5.10 Abolishment of Royalty charges/Concession Fees:

"The Royalty charges are as per Open Tender floated by the Airport Operator and same has to be honored."

5.11 Operational Expenditure – Repair & Maintenance

"Considering the Safety of the Passenger, Aircraft and Equipment regular upkeep and maintenance is a must and most important and can't be compromised."

Authority's analysis on Stakeholders' comments regarding OPEX for the First Control Period:

5.12 As regard to the comments of M/s SpiceJet pertaining to abolishment of royalty charges and M/s IndoThai's response thereon, the Authority notes that the Concession Fee paid by the ISP to the Airport Operator is as per the Concession Agreement, executed between the Service Provider and the Airport Operator. Further, as per the regulatory approach of the AERA, the royalty paid by the ISPs to the Airport Operators are treated as aeronautical revenues in the hands of Airport Operators; hence, such revenues directly help in subsidizing the aeronautical Tariffs, levied by the Airport Operators to the Airlines. Moreover, the Authority considers that bidding process, based on which the Royalty Charges/ Concession Fee is levied on to the ISPs by the Airport Operators, is a non-regulatory issue. Such matters may be dealt among the Stakeholders at appropriate forums.

5.13 As regard to the comments of M/s SpiceJet pertaining to increase in R&M Cost and response thereon from the ISP, the Authority notes that the ISP has considered an increase of 7% in R&M Expenses, which as per the service provider is essential to maintain the Ground Handling Equipment in good working condition, so as to ensure safety of passengers & aircrafts during ground handling Operations. Considering the above and taking into account the annual general inflation, the projected R&M expenses proposed by the ISP for the First Control Period is reasonable.

5.14 In view of the above, the Authority decides to maintain the same view on the OPEX projection for the First Control Period, as was taken at CP stage.

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

5.15 Based on the material before it and its analysis, the Authority decides to consider the OPEX for the First Control Period as per Table 6.



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CHAPTER 6: ANNUAL TARIFF PROPOSAL

M/s IndoThai Varanasi Pvt. Ltd. submission on the Annual Tariff Proposal for the First Control Period

- 6.1 M/s IVPL submitted a Tariff proposal for Ground Handling Services in respect of Scheduled Flights at Lal Bahadur Shastri International Airport, Varanasi, for the First Control Period (FY 2023-24 to FY 2027-28) as per the Table given below:

Table 8: Proposed Tariff Rates for the Scheduled Flights submitted by M/s IVPL for the First Control Period

(Rates in ₹)

	FY 2023-24			FY 2024-25			FY 2025-26			FY 2026-27			FY 2027-28		
	Pax	Ramp	Full Services	Pax	Ramp	Full Services	Pax	Ramp	Full Services	Pax	Ramp	Full Services	Pax	Ramp	Full Services
(A) Passenger Flights															
Domestic Passenger Flight															
Code B	5198	7798	12996	5472	8208	13680	5760	8640	14400	6048	9072	15120	6350	9526	15876
Code C	6931	10397	17328	7296	10944	18240	7680	11520	19200	8064	12096	20160	8467	12701	21168
Code D	8664	12996	21660	9120	13680	22800	9600	14400	24000	10080	15120	25200	10584	15876	26460
Code E	20794	31190	51984	21888	32832	54720	23040	34560	57600	24192	36288	60480	25402	38102	63504
Code F	41587	62381	103968	43776	65664	109440	46080	69120	115200	48384	72576	120960	50803	76205	127008
International Passenger Flight															
Code B	21101	49236	70337	22212	51827	74039	23381	54555	77936	24550	57283	81833	25777	60147	85925
Code C	21660	50540	72200	22800	53200	76000	24000	56000	80000	25200	58800	84000	26460	61740	88200
Code D	26858	62670	89528	28272	65968	94240	29760	69440	99200	31248	72912	104160	32810	76558	109368
Code E	35522	82886	118408	37392	87248	124640	39360	91840	131200	41328	96432	137760	43394	101254	144648
Code F	40721	95015	135736	42864	100016	142880	45120	105280	150400	47376	110544	157920	49745	116071	165816
(B) Cargo Flights															
Domestic Cargo Flight															
	FY 2023-24		FY 2024-25		FY 2025-26		FY 2026-27		FY 2027-28						
	Ramp Services		Ramp Services		Ramp Services		Ramp Services		Ramp Services						
Code B	39710		41800		44000		46200		48510						
Code C	54150		57000		60000		63000		66150						
Code D	144400		152000		160000		168000		176400						
Code E	189525		199500		210000		220500		231525						
Code F	225625		237500		250000		262500		275625						
International Cargo Flight															
Code B	64980		68400		72000		75600		79380						
Code C	158840		167200		176000		184800		194040						
Code D	180500		190000		200000		210000		220500						
Code E	198550		209000		220000		231000		242550						
Code F	231040		243200		256000		268800		282240						

6.2 M/s IndoThai Varanasi Pvt. Ltd. proposed the following % increase in the Tariff for the Scheduled Flights on Y-o-Y basis, at Lal Bahadur Shastri International Airport, Varanasi, as per table given below:

Table 9: Statement of Y-o-Y Percentage (%) Increase in Tariff Rates for Different Categories of Scheduled Flights for the First Control Period

	FY 2024-25			FY 2025-26			FY 2026-27			FY 2027-28		
	Pax	Ramp	Full Services	Pax	Ramp	Full Services	Pax	Ramp	Full Services	Pax	Ramp	Full Services
(A) Passenger Flights												
Domestic Passenger Flight												
Code B	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Code C	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Code D	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Code E	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Code F	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
International Passenger Flight												
Code B	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Code C	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Code D	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Code E	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Code F	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
(B) Cargo Flights												
Domestic Cargo Flight												
	FY 2024-25		FY 2025-26		FY 2026-27		FY 2027-28					
	Ramp Services		Ramp Services		Ramp Services		Ramp Services					
Code B	5%		5%		5%		5%					
Code C	5%		5%		5%		5%					
Code D	5%		5%		5%		5%					
Code E	5%		5%		5%		5%					
Code F	5%		5%		5%		5%					
International Cargo Flight												
Code B	5%		5%		5%		5%					
Code C	5%		5%		5%		5%					
Code D	5%		5%		5%		5%					
Code E	5%		5%		5%		5%					
Code F	5%		5%		5%		5%					



6.3 M/s IVPL also submitted a separate Tariff Rate Card for the Non-Scheduled and General Aviation Flights as per the table given below: -

Table 10: Proposed Tariff Rates for Non-Scheduled Flights submitted by M/s IVPL for the First Control Period

(Rates in ₹)

Financial Year	FY 2023-24		FY 2024-25		FY 2025-26		FY 2026-27		FY 2027-28	
A/C Category	Domestic	International	Domestic	International	Domestic	International	Domestic	International	Domestic	International
MTOW										
Helicopter	8123	13321	8550	14022	9000	14760	9450	15498	9923	16273
≤ 6000	12184	27382	12825	28823	13500	30340	14175	31857	14884	33450
>6000 – 12000	16696	37003	17575	38950	18500	41000	19425	43050	20396	45203
>12000 – 25000	27075	42553	28500	44793	30000	47150	31500	49508	33075	51983
>25000 – 40000	40613	64754	42750	68163	45000	71750	47250	75338	49613	79104
>40000 – 70000	54150	81406	57000	85690	60000	90200	63000	94710	66150	99446
>70000 – 100000	88445	109157	93100	114903	98000	120950	102900	126998	108045	133347
> 100000 – 150000	112813	162811	118750	171380	125000	180400	131250	189420	137813	198891
> 150000 & Above	135375	185013	142500	194750	150000	205000	157500	215250	165375	226013

Authority's Examination of the Tariff proposed by the ISP for the First Control Period at Consultation Stage:

- 6.4 The Authority noted that in the case of Scheduled Flights (Domestic and International), the ISP proposed a Y-o-Y increase of 5% in Tariff Rates from FY 2024-25 onward (Table 9).
- 6.5 The Authority also noted that M/s IVPL has proposed a separate Tariff Rate card for Non-Scheduled Flights and proposed an increase of 5% Y-o-Y basis from FY 2024-25 onward (Table 10).
- 6.6 The Authority, taking into consideration the projected increase in the Aircraft Traffic Volume (Flights to be handled) for the Control Period and increase in the Operating Expenditure, due to factors like increase in number of manpower, annual increase in salary and wages, general inflation etc., is of the view that ISP requires a minimum level of revenue to meet its projected operating expenditure and earn reasonable return on its investments.

In view of the above, the Authority considered the 5% increase in Tariff Rates proposed by the ISP, on Y-o-Y basis from FY 2024-25 onward for the First Control Period, as reasonable.

- 6.7 The Authority is of the view that the Tariff for Domestic Non-Scheduled and General Aviation Flights, should not be more than the Tariff for relevant Domestic Scheduled Flights for a similar class of Aircraft(s). However, the Authority proposed to consider the separate Tariff Rate Card in case of International "Non-Scheduled & General Aviation Flights" as per Annexure-II.



- 6.8 As regard to the number of services covered under the Rate Card for the 'Item-wise Charges for Ground Handling Services', the ISP clarified that they expected to handle only the Narrow Body Type of Aircrafts at Lal Bahadur Shastri International Airport, Varanasi & the Item-wise Charges for Ground Handling Services have been proposed accordingly.
- 6.9 The Authority proposed that in case of payment in foreign currency, the RBI conversion rate as on the last day of the previous month will be applicable for the first fortnight and the rate as on 15th of the month will be applicable for the second fortnight.
- 6.10 Further, M/s IVPL should ensure compliance towards Standardization of Ground Handling Equipment at Lal Bahadur Shastri International Airport, Varanasi in accordance with the directives issued by the Ministry of Civil Aviation, vide its letter no. AV-24011/10/2021-AAI-MOCA dated 27.10.2022.

Stakeholders' Comments

- 6.11 **M/s SpiceJet comments on Tariff Rates for the First Control Period** (Refer Table 8, 9 & 10 and Annexure I, II, III of the CP):

"As there is no evidence as of now that the carrier mentioned in Para 3.4 of the CP would take wings by 2026-27 and provide IVPL with additional business, and Authority is requested to review the proposed Tariff considering the reality of the situation.

Further, it is noted that the some of the proposed tariffs are excessively high as compared the Tariffs for similar services for international flights in recent consultations, like of GSEC Indo-Thai at Jaipur e.g. Air Conditioning Units and Air Starter Unit. Authority is requested to conduct a review of the proposed Tariffs for similar services at comparable airports before deciding. It is requested that the maximum rates should not be allowed to be higher than other comparable airports.

Thus, it is humbly submitted that the Authority does not take any steps, including by way of approving the proposed high tariffs, during the First Control Period. We also humbly request the Authority to not implement any Y-o-Y increase in tariffs and defer any increase in the same to the subsequent control period. We hope that your good self will positively consider the above recommendations/ comments as it will help in achieving the affordability and sustainability of the aviation sector including airlines, which is also outlined as a key objective in the National Civil Aviation Policy, 2016."

- 6.12 **M/s IndoThai's response to comments of SpiceJet:**

Please find appended herein below the Tariffs of GSEC IndoThai at Jaipur and IPPL for Air Conditioning Unit and Air Starter Unit:

Air Conditioning Unit: Since M/s. IVPL has not deployed an ACU at Varanasi Airport it has not provided any tariff for the same.

	GSEC IndoThai - JPR		IPPL	
	Int. INR	Domestic	Int. INR	Domestic
FY 2022-23			15000	7500
FY 2023-24	15000	7500	15000	7500
FY 2024-25	16480	8250	15750	7875
FY 2025-26	18000	9075	16538	8268
FY 2026-27	18000	9075	17364	8682
FY 2027-28	N.A.	N.A.	18233	9116

From the above it may please be noted that there is no variation between the rates. Furthermore, it may please be noted that this is the maxim price approved by AERA. An airline is always welcome to negotiate with us while giving us opportunity to serve them.

Authority's analysis regarding Tariff Rates for Ground Handling Services for the First Control Period:

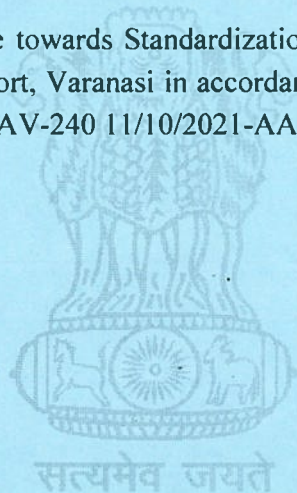
- 6.13 With respect to the comments of M/s SpiceJet regarding relook of proposed Tariff, considering that the expected increase in Aircraft traffic and business in FY 2026-27 may not take place, the Authority has already discussed this aspect at Para No. 3.10 above.
- 6.14 The Authority notes the comments of M/s SpiceJet regarding high international tariff for the few item-wise ground handling services and observes that the services indicated under 'Item-wise Charges Rate Card' (including Air Conditioning Units and Air Starter Unit) are optional in nature. In the instant case, it is observed that the service provider has proposed the same Tariff Rates for the above referred Item-wise Ground Handling Services, as has been approved by the Authority for Indo-Thai at Jaipur airport. However, as per the Authority, it may not be appropriate to compare the Tariff Rates of ISPs at different airports, as the Tariff Rates depends on many factors such as extent of market competition, Investment & Traffic Volumes etc. at the airports.
- The Authority expects that the market competition among the service providers would keep the User Charges for various Ground Handling Services at reasonable levels at the airport.
- 6.15 As regard to the suggestion of M/s SpiceJet that the proposed increase in Tariff Rates, including subsequent increase in Tariff Rates on Y-o-Y basis, may not be implemented by the AERA; the Authority in this regard, notes the counter comments of ISP wherein the service provider has submitted that the actual Tariff that would be charged to the Airlines would be different from the ceiling Tariff Rates approved by the Authority, based on the negotiation with the airlines, depending on the services required.
- 6.16 The Authority, taking into account the investments made/projected by the ISP on Ground Handling Equipment and associated facilities and factoring-in the periodic increase in the minimum wages, impact of general inflation on Operating Expenditure, considers that M/s IndoThai Varanasi Pvt. Ltd. requires minimum level of Revenue to meet the projected Operating Expenses for the Control Period. It is worth mentioning that as per the profitability statement (Table-6), the ISP may suffer losses during the first three Tariff years which is resulting in net loss of ₹620 lakhs approx. for the First Control Period, even after considering the proposed tariff increase.
- 6.17 In view of the above, the Authority decides to consider the Tariffs for the ISP, in respect of Ground Handling Services at Varanasi Airport, as indicated in Annexure (I, II & III) to this Order.

Authority's Decisions regarding Tariff for Ground Handling Services for the First Control Period:

Based on the available material and its analysis, the Authority decides the following Tariff Structure and Annual Tariff Proposal in respect of the Ground Handling Services for the First Control Period:



- 6.18 To consider the Tariff Rates for Ground Handling Services provided by M/s IVPL at Lal Bahadur Shastri International Airport, Varanasi, in respect of Scheduled Flights, International “Non-Scheduled & General Aviation Flights” and Item-wise Tariff Rate Card for Ground Handling Services, for the First Control Period as per **Annexures (I, II & III)**.
- 6.19 The Tariff for Domestic Non-Scheduled and General Aviation Flights, shall not exceed the approved Tariff(s) for relevant Domestic Scheduled Flights for similar class of Aircraft(s).
- 6.20 In case of payment in foreign currency, the RBI conversion rate as on the last day of the previous month will be applicable for the first fortnight and the rate prevailing as on the 15th of the month will be applicable for the second fortnight.
- 6.21 The Tariff Rates indicated in Annexures (I, II & III) shall be maximum Tariff to be charged. No other charge(s) is to be levied over and above the approved Tariff Rates.
- 6.22 M/s IVPL shall ensure compliance towards Standardization of Ground Handling Equipment at Lal Bahadur Shastri International Airport, Varanasi in accordance with the directives issued by Ministry of Civil Aviation vide its letter no. AV-240 11/10/2021-AAI-MOCA dated 27.10.2022.



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CHAPTER 7: SUMMARY OF AUTHORITY'S DECISIONS

The below-mentioned summary provides the Authority's decisions relating to relevant chapters regarding the Tariff determination exercise for M/s IVPL, providing Ground Handling Services at Lal Bahadur Shastri International Airport, Varanasi:

Chapter	Para	Summary of Authority's Decisions	Page No.
Chapter No.2	2.7	The Authority decides to consider the Tariff determination exercise for M/s IVPL, in respect of Ground Handling Services being provided by the ISP at Lal Bahadur Shastri International Airport, Varanasi, under the ' Light Touch Approach ' for the First Control Period, as the regulated service is deemed ' Not Material '.	9
Chapter No. 3	3.14	The Authority decides to consider the Aircraft Traffic (Flights to be handled by the ISP) for the First Control Period as per Table 3.	12
Chapter No. 4	4.9	The Authority decides to consider the projected CAPEX for the First Control Period as per Table 4.	14
Chapter No. 5	5.15	The Authority decides to consider the OPEX for the First Control Period as per Table 6.	19
Chapter No. 6	6.18	The Authority decides to consider the Tariff Rates for Ground Handling Services provided by M/s IVPL at Lal Bahadur Shastri International Airport, Varanasi, in respect of Scheduled Flights, International "Non-Scheduled & General Aviation Flights" and Item-wise Tariff Rate Card for Ground Handling Services, for the First Control Period as per Annexures (I, II & III).	25
	6.19	The Tariff for Domestic Non-Scheduled and General Aviation Flights, shall not exceed the approved Tariff(s) for relevant Domestic Scheduled Flights for similar class of Aircraft(s).	
	6.20	In case of payment in foreign currency, the RBI conversion rate as on the last day of the previous month will be applicable for the first fortnight and the rate prevailing as on the 15 th of the month will be applicable for the second fortnight.	
	6.21	The Tariff Rates indicated in Annexures (I, II & III) shall be maximum Tariff to be charged. No other charge(s) is to be levied over and above the approved Tariff Rates.	
	6.22	The Authority decides that M/s IVPL shall ensure compliance towards Standardization of Ground Handling Equipment at Lal Bahadur Shastri International Airport, Varanasi in accordance with the directives issued by Ministry of Civil Aviation vide its letter no. AV-240 11/10/2021-AAI-MOCA dated 27.10.2022.	




CHAPTER 8: ORDER

Upon careful consideration of the material available on record, as well as submissions made by M/s IndoThai Varanasi Private Limited, the Authority, in exercise of powers conferred upon it by Section 13(1) (a) of the AERA Act, 2008, hereby orders that:

- (i) The Regulated Service i.e., the Ground Handling Services provided by IndoThai Varanasi Private Limited at the Lal Bahadur Shastri International Airport, Varanasi is deemed as “**Not Material**”. The Authority, therefore, decides to adopt ‘**Light Touch Approach**’ for the determination of the Tariff, in respect of the Ground Handling Services, for the First Control Period (FY 2023-24 to FY 2027-28).
- (ii) The Authority decides that the Tariff Rates indicated in Annexures (I, II & III) shall be the maximum Tariff(s) to be charged. No other charge(s) is to be levied over and above the approved Tariff Rates.
- (iii) The Authority decides that Tariff for Domestic “Non-Scheduled Flights & General Aviation Flights”, shall not exceed the approved Tariff for relevant Domestic Scheduled Flights for similar class of aircraft(s).
- (iv) The Authority decides that in case of payment in foreign currency, the RBI conversion rate as on the last day of the previous month will be applicable for the first fortnight and rate as on 15th of the month will be applicable for the second fortnight.
- (v) The Tariff determined hereinunder is excluding of applicable taxes, if any.
- (vi) M/s IndoThai shall maintain the separate accounts for its Ground Handling Operations at Lal Bahadur Shastri International Airport, Varanasi and at the end of each tariff year submit Annual Compliance Statement (ACS), including annual audited statutory accounts, as per AERA CGF Guidelines, 2011 (clause 11.4).
- (vii) This Tariff Order shall be effective from **10.01.2024**.
- (viii) Airport Operator shall publish tariff rates in respect of Ground Handling Services for M/s IVPL approved hereinunder at its official website for the information of all Stakeholders.
- (ix) The Airport Operator shall ensure the compliance of this Order.

By the Order of and in the name of the Authority


(Suyash Narain)
Secretary



To
Vikash Ladia,
Director,
M/s IndoThai Varanasi Private Limited,
Ground Floor, Hatiya Pargana,
Shivpur, Varanasi, Uttar Pradesh - 221003

Copy for information to:

1. Secretary, Ministry of Civil Aviation, Rajiv Gandhi Bhawan, Safdarjung Airport, New Delhi – 110003
2. Chairman, Airports Authority of India, Rajiv Gandhi Bhawan, Safdarjung Airport, New Delhi – 110003
3. Airport Director, Lal Bahadur Shastri International Airport, Varanasi, Uttar Pradesh - 221006



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ANNEXURE I

**TARIFF RATE CARD APPROVED BY AERA FOR M/s IVPL AT LAL BAHADUR SHASTRI
INTERNATIONAL AIRPORT, VARANASI IN RESPECT OF DOMESTIC* &
INTERNATIONAL SCHEDULED FLIGHTS FOR THE FIRST CONTROL
PERIOD (FY 2023-24 to FY 2027-28)**

Revised Tariff for Ground Handling Services is effective from 10.01.2024

(Rates in ₹)

	FY 2023-24			FY 2024-25			FY 2025-26			FY 2026-27			FY 2027-28		
	Pax	Ramp	Full Services	Pax	Ramp	Full Services	Pax	Ramp	Full Services	Pax	Ramp	Full Services	Pax	Ramp	Full Services

(A) Passenger Flights**Domestic Passenger Flight**

Code B	5198	7798	12996	5472	8208	13680	5760	8640	14400	6048	9072	15120	6350	9526	15876
Code C	6931	10397	17328	7296	10944	18240	7680	11520	19200	8064	12096	20160	8467	12701	21168
Code D	8664	12996	21660	9120	13680	22800	9600	14400	24000	10080	15120	25200	10584	15876	26460
Code E	20794	31190	51984	21888	32832	54720	23040	34560	57600	24192	36288	60480	25402	38102	63504
Code F	41587	62381	103968	43776	65664	109440	46080	69120	115200	48384	72576	120960	50803	76205	127008

International Passenger Flight

Code B	21101	49236	70337	22212	51827	74039	23381	54555	77936	24550	57283	81833	25777	60147	85925
Code C	21660	50540	72200	22800	53200	76000	24000	56000	80000	25200	58800	84000	26460	61740	88200
Code D	26858	62670	89528	28272	65968	94240	29760	69440	99200	31248	72912	104160	32810	76558	109368
Code E	35522	82886	118408	37392	87248	124640	39360	91840	131200	41328	96432	137760	43394	101254	144648
Code F	40721	95015	135736	42864	100016	142880	45120	105280	150400	47376	110544	157920	49745	116071	165816

(B) Cargo Flights**Domestic Cargo Flight**

	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
	Ramp Services	Ramp Services	Ramp Services	Ramp Services	Ramp Services
Code B	39710	41800	44000	46200	48510
Code C	54150	57000	60000	63000	66150
Code D	144400	152000	160000	168000	176400
Code E	189525	199500	210000	220500	231525
Code F	225625	237500	250000	262500	275625

International Cargo Flight

Code B	64980	68400	72000	75600	79380
Code C	158840	167200	176000	184800	194040
Code D	180500	190000	200000	210000	220500
Code E	198550	209000	220000	231000	242550
Code F	231040	243200	256000	268800	282240

*Tariff for Domestic Scheduled Flights is also applicable to Domestic Non-Scheduled & General Aviation Flights.

Notes:

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



ANNEXURE II

**TARIFF RATE CARD APPROVED BY AERA FOR M/s IVPL AT LAL BAHADUR SHASTRI
INTERNATIONAL AIRPORT, VARANASI IN RESPECT OF INTERNATIONAL
“NON-SCHEDULED & GENERAL AVIATION FLIGHTS”
FOR THE FIRST CONTROL PERIOD (FY 2023-24 to FY 2027-28)**

Revised Tariff for Ground Handling Services is effective from 10.01.2024

(Rates in ₹)

Financial Year	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
A/C Category	International	International	International	International	International
MTOW (Maximum Take Off Weight)					
Helicopter	13321	14022	14760	15498	16273
≤ 6000	27382	28823	30340	31857	33450
>6000 - 12000	37003	38950	41000	43050	45203
>12000 - 25000	42553	44793	47150	49508	51983
>25000 - 40000	64754	68163	71750	75338	79104
>40000 - 70000	81406	85690	90200	94710	99446
>70000 - 100000	109157	114903	120950	126998	133347
> 100000 - 150000	162811	171380	180400	189420	198891
> 150000 & Above	185013	194750	205000	215250	226013

Notes:

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

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ANNEXURE III

ITEMISED TARIFF RATE CARD FOR GROUND HANDLING SERVICES APPROVED BY AERA IN RESPECT OF M/s IVPL AT LAL BAHADUR SHASTRI INTERNATIONAL AIRPORT, VARANASI FOR THE FIRST CONTROL PERIOD (FY 2023-24 TO FY 2027-28)

Item-wise Charges for Ground Handling Services in respect of Domestic* & International Flights
Revised Tariff is effective from 10.01.2024

(Rates in ₹)

Sl. No	SERVICES	UNIT	FY 2023-24		FY 2024-25		FY 2025-26		FY 2026-27		FY 2027-28	
			Dom.	Intl.	Dom.	Intl.	Dom.	Intl.	Dom.	Intl.	Dom.	Intl.
1	Air Starter Unit (NB)	Per Start	7500	15000	7875	15750	8269	16538	8682	17364	9116	18233
2	Aircraft Disinfection-Freighter Aircrafts	Per Service	3000	16000	3150	16800	3308	17640	3473	18522	3647	19448
3	Aircraft Disinfection- Pax Aircrafts Code C	Per Service	4000	8000	4200	8400	4410	8820	4631	9261	4862	9724
4	Aircraft Disinfection- Pax Aircrafts Code D/E	Per Service	25000	32000	26250	33600	27563	35280	28941	37044	30388	38896
5	Aircraft Disinfection- Pax Aircrafts Code F	Per Service	-	40000	-	42000	-	44100	-	46305	-	48620
6	Aircraft Marshalling	Per Service	1875	2480	1969	2604	2067	2734	2171	2871	2279	3014
7	Ambulift	Per Flight Leg	5000	10000	5250	10500	5513	11025	5788	11576	6078	12155
8	Apron Transport (Passenger)	Per Trip	950	1600	998	1680	1047	1764	1100	1852	1155	1945
9	Arrange non-scheduled Crew Hotel Accommodation (HOTAC)	Per Flight	10% of Exp.		10% of Exp.		10% of Exp.		10% of Exp.		10% of Exp.	
10	ATC payment services	Per Flight	10% of Exp.		10% of Exp.		10% of Exp.		10% of Exp.		10% of Exp.	
11	Baggage ID	Per Service	10% of Exp.		10% of Exp.		10% of Exp.		10% of Exp.		10% of Exp.	
12	Baggage /Cargo cart	Per Hour	10% of Exp.		10% of Exp.		10% of Exp.		10% of Exp.		10% of Exp.	
13	Blue collar staff	Per Staff Per Hour	400	800	420	840	441	882	463	926	486	972
14	Crew Transport	Per Trip	950	1600	998	1680	1047	1764	1100	1852	1155	1945
15	Deportee/Inadmissible (INAD) handling	Per Passenger	-	1200	-	1260	-	1323	-	1389	-	1459
16	Excess Baggage Fee (% of collection)	As Per Collection	10% of Exp.		10% of Exp.		10% of Exp.		10% of Exp.		10% of Exp.	
17	Exterior Cleaning - NB	Per Service	52500	-	55125	-	57881	-	60775	-	63814	-
18	Ground Power unit 90 KVA	Per Hour	4700	10000	4935	10500	5182	11025	5441	11576	5713	12155
19	Interior Deep Cleaning - NB	Per Service	5000	8000	5250	8400	5513	8820	5788	9261	6078	9724
20	Passenger Step (mobile-NB)	Per Hour	1375	4000	1444	4200	1516	4410	1592	4631	1671	4862
21	Pushback for narrow body aircraft	Per Push	5000	10000	5250	10500	5513	11025	5788	11576	6078	12155
22	Toiler truck	Per Service	1375	2400	1444	2520	1516	2646	1592	2778	1671	2917
23	Towing of narrow body aircraft	Per Tow	5000	10000	5250	10500	5513	11025	5788	11576	6078	12155
24	Unaccompanied Minor (UM) Handling	Per UM	950	1200	998	1260	1047	1323	1100	1389	1155	1459
25	Vacuum Cleaner	Per Hour	3750	4000	3938	4200	4134	4410	4341	4631	4558	4862
26	VIP Vehicle (Innova range)	Per Trip	10000	20000	10500	21000	11025	22050	11576	23153	12155	24310
27	VIP Vehicle (Luxury-Mercedes/BMW/AUDI range)	Per Trip	25000	40000	26250	42000	27563	44100	28941	46305	30388	48620
28	Water truck	Per Service	1375	2400	1444	2520	1516	2646	1592	2778	1671	2917
29	Wheel chair	Per Service	400	2400	420	2520	441	2646	463	2778	486	2917
30	White Collar Staff	Per Staff Per Hour	600	1200	630	1260	662	1323	695	1389	729	1459

* Tariff for Domestic Flights is also applicable to Domestic 'Non-Scheduled and General Aviation Flights'.

Dom. = Domestic; Intl. = International

Notes:

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



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