

File No. AERA/20010/MYTP-AIS/GH/BIAL /2011-12

Consultation Paper No. 12/2013-14



Airports Economic Regulatory Authority of India

**Annual Tariff Proposal for Third Tariff Year to Fifth
Tariff year in respect of Ground Handling Services
provided by M/s Air India SATS Airport Services
Private Limited at Bangalore International Airport,
Bengaluru.**

New Delhi: 21st June, 2013

**AERA Building
Administrative Complex
Safdarjung Airport
New Delhi – 110 003**

The Authority had considered the Multi-Year Tariff Proposal (MYTP) for the First Control Period submitted by M/s Air India SATS Airports Services Private Limited (AISATS) in respect of ground handling services provided at Bangalore International Airport, Bengaluru. After due stakeholder consultation, the Authority issued Multi-Year Tariff Order (MYTO) No. 23/2011-12 dated 29.09.2011, whereas it was decided to adopt 'light touch approach' for determination of tariff for the first Control Period w.e.f. 01.04.2011 and tariffs for the first tariff year was also determined. Subsequently, the Authority determined the tariffs for the second tariff year vide Order No 18/2012-13 dated 11.09.2012 accordingly.

2.1 The above stated tariff orders were issued subject to the order of the Hon'ble AERA Appellate Tribunal, wherein it was ordered by the Tribunal in Appeal No. 12 of 2011 filed by M/s Bangalore International Airport Ltd. (BIAL), that:

"It is made clear that even if any final order is passed by the respondent - Airports Economic Regulatory Authority, the same shall not be given effect to without leave of this Court."

2.2 This appeal No. 12/2011, filed by BIAL, was disposed off by the Tribunal vide order dated 03.05.2013 (amended vide order dated 10.05.2013), wherein it was ordered that:

".....We had by our order dated 19th October, 2011, directed that the tariff so decided in case of the three services mentioned in the earlier paragraph would not be implemented unless the leave is obtained from this Tribunal. In view of the disposal of this appeal, that order would stand 'withdrawn' and in the result the implementation of tariff may now commence."

3. AISATS have, now, submitted an Annual Tariff Proposals (ATP) for the third tariff year (2013-14), fourth tariff year (2014-15) and fifth tariff year (2015-16) of the first control period for ground handling services provided by it at Bangalore International Airport, Bengaluru.

4.1 As per para 7.4 of the Authority's Guidelines "[Airports Economic Regulatory Authority of India (Terms and Conditions for Determination of Tariff for Cargo Facility, Ground Handling and Supply of Fuel to Aircraft) Guidelines 2011]", after issuance of the Multi Year Tariff Order, the service provider has to submit the ATP for each tariff year.

4.2. Further, as per clause A.I.8.2. of the Appendix to the Guidelines, for Regulated Service(s) deemed either 'not material' or 'material but competitive' or 'material and not competitive' but where the Authority is assured of the reasonableness of the existing User Agreement(s), the Service Provider(s) shall submit, for the consideration of the Authority, an ATP for review of Tariff(s) to be charged in the following Tariff Year of the Control Period, in the specified Form B and Form F14 (b). The Tariff(s), as proposed by the Service Provider in the ATP,

shall be on non- discriminatory basis, with reference to conditions of Tariff(s), volume of the discount, rationale behind giving the discount and such other factors as may be relevant.

5. In Form 14(b), AISATS has proposed an increase in tariff rate by 10% every year, till tariff year 2015-16 (inclusive of airports levy), over the tariff rate which were applicable during the second tariff year (i.e. 2012-13).

6. The Authority has carefully considered the tariff proposal submitted by AISATS and decided to make the following proposal for stakeholder consultation:

- (a) The maximum tariff for the - third tariff year (w.e.f. 01.04.2013 to 31.03.2014), fourth tariff year (w.e.f. 01.04.2014 to 31.03.2015), and fifth tariff year (w.e.f. 01.04.2015 to 31.03.2016) of the first control period for Ground Handling services provided by M/s Air India SATS Airports Services Private Limited at Bangalore International Airport, Bengaluru is proposed to be as at **Annexure-I**.

7. In accordance with the provisions of Section 13(4) of the AERA Act, the proposal contained in para 6 above is hereby put forth for stakeholder consultation. To assist the stakeholders in making their submissions in a meaningful and constructive manner, necessary documents are enclosed at **Annexure-I**. For removal of doubts it is clarified that the contents of this Consultation Paper may not be construed as any Order or Direction of this Authority. The Authority shall pass an Order, in the matter, only after considering the submissions of the stakeholders in response hereto and by making such decision fully documented and explained in terms of the provisions of the Act.

8. The Authority welcomes written evidence-based feedback, comments and suggestions from stakeholders on the proposal made in para 6 above, **latest by 05.07.2013** at the following address:

Capt. Kapil Chaudhary (Retd.)
Secretary,
Airports Economic Regulatory Authority of India,
AERA Building,
Administrative Complex,
Safdarjung Airport,
New Delhi- 110003
Email: kapil.chaudhary@aera.gov.in
Tel: 011-24695042
Fax: 011-24695039

Yashwant S. Bhawe
Chairperson

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16 April 2013

C V Deepak
OSD - II
Airports Economic Regulatory Authority of India
AERA Building, Administrative Block
Safdarjung Airport, New Delhi – 110 003

Dear Sir,

Sub: Re-submission of Annual Tariff Plan for Tariff Year 3, 4 and 5 for Ground Handling at BLR, HYD & TRV

Ref: AERA/20010/MYTP-AIS/GH/TVM/2012-13/3619, dated 18 March 2013

As advised by the Authority, please find attached the Annual Tariff Plan for Tariff Year 3 (FY2013-14), Tariff Year 4 (FY2014-15) and Tariff Year 5 (FY2015-16) for Ground Handling at BLR, HYD & TRV for your kind perusal.

The revised Tariffs are inclusive of prevailing Concession fees, royalty and airport levy charged by the Airport Authority at the respective airports and excluding Govt. taxes.

We trust that you will find the details in line with the AERA guidelines and requirements.

Thanking you.

For Air India SATS Airport Services Private Limited



Nilang Shah
Manager Marketing

Air India SATS Airport Services Private Limited

Correspondence Address:

A-301, Business Square, Andheri – Kurla Road, Chakala, Andheri (East), Mumbai 400069, India

Registered Office: Airlines House, 113, Gurudwara Rakabganj Road, New Delhi 110001, India

Corporate Identification Number (CIN): U74900DL2010PTC201763
CP.No. 12/2013-14/MYTP-AIS/GH/BLR/2011-12

**SUBMISSION OF ANNUAL TARIFF PLAN
TO
AIRPORTS ECONOMIC REGULATORY AUTHORITY OF INDIA
BY
M/S AIR INDIA SATS AIRPORT SERVICES PRIVATE LIMITED**

**FOR
GROUND HANDLING
AT
BANGALORE INTERNATIONAL AIRPORT
DATED: 16 APRIL 2013
(REVISED)**



AIR INDIA SATS AIRPORT SERVICES PRIVATE LIMITED

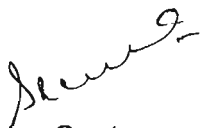
Corporate Office Address: A-301 Business Square, Andheri – Kurla Road, Chakala, Andheri (East),
Mumbai- 400 093

BEFORE THE AIRPORTS ECONOMIC REGULATORY AUTHORITY OF INDIA
AT NEW DELHI

**SUBMISSION OF PROPOSAL FOR DETERMINATION OF ANNUAL TARIFF FOR AND ON BEHALF
OF: M/S AIR INDIA SATS AIRPORT SERVICES PRIVATE LIMITED**

I, Sanjay Gupta, aged 40 years resident of Republic of India, acting in my official capacity as Chief Financial Officer in M/S Air India SATS Airport Services Private Limited having its registered office at Airlines House, 113 Guru Rakabganj Road, New Delhi 110001 do hereby state and affirm as under that:

1. That I am duly authorized to act for and on behalf of M/S Air India SATS Airport Services Private Limited in the matter of making this submission before the Airports Economic Regulatory Authority of India, New Delhi ('the Authority')
2. I am competent to make this submission before the Authority;
3. I am making this submission in my official capacity and the facts stated herein are based on official records;
4. The contents of this submission which include inter alia
 - (i) Proposed detailed break-up of Tariff(s) based in clause 1.2 where the Authority has specified a light touch approach for the duration of the Control Period, pursuant to Clause 3.2; and
 - (ii) Justifications are correct and true to my knowledge and belief and nothing material has been concealed there from.



Sanjay Gupta

Chief Financial Officer

Place: Mumbai

Date: 16 April 2013



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Annual Tariff Proposal for Tariff Year 3

Form F14 (b) - Annual Tariff Proposal for Tariff Year 3

MAXIMUM RATES TO BE PAID BY SCHEDULED AIRLINES FOR COMPREHENSIVE GROUND HANDLING

S/N	Aircraft Types (ICAO Code)	Maximum Ground Handling Rate in INR (FY 2013-14)			
		Scheduled Passenger Aircraft		Scheduled Freighter Aircraft	
		Domestic Flight	International Flight	Domestic Flight	International Flight
1	CODE B	11,000	30,800	NA	NA
2	CODE C	14,740	80,300	49,500	120,450
3	CODE D	23,584	121,000	85,800	133,100
4	CODE E	49,500	154,000	103,400	181,500
5	CODE F	88,000	217,800	140,690	261,360

Notes:

- 1) The rates with each Airline will be negotiated based on services required from SGHA service items (usage of equipment and manpower), flight frequency, service level agreement, credit period and liability and indemnity requirement.
- 2) These rates may be revised, where external economic / financial factors warrant a review. However, any change, will be in consultation with the relevant authorities (AERA) and related stakeholders.
- 3) All charges mentioned above include existing concession fee, royalty, airport levy charged by the Airport Authority.
- 4) All charges mentioned above exclude all taxes such as Service Tax, as may be applicable.



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Form F14 (b) - Annual Tariff Proposal for Tariff Year 4

MAXIMUM RATES TO BE PAID BY SCHEDULED AIRLINES FOR COMPREHENSIVE GROUND HANDLING

S/N	Aircraft Types (ICAO Code)	Maximum Ground Handling Rate in INR (FY 2014-15)			
		Scheduled Passenger Aircraft		Scheduled Freighter Aircraft	
		Domestic Flight	International Flight	Domestic Flight	International Flight
1	CODE B	12,100	33,880	NA	NA
2	CODE C	16,214	88,330	54,450	132,495
3	CODE D	25,942	133,100	94,380	146,410
4	CODE E	54,450	169,400	113,740	199,650
5	CODE F	96,800	239,580	154,759	287,496

Notes:

- 1) The rates with each Airline will be negotiated based on services required from SGHA service items (usage of equipment and manpower), flight frequency, service level agreement, credit period and liability and indemnity requirement.
- 2) These rates may be revised, where external economic / financial factors warrant a review. However, any change, will be in consultation with the relevant authorities (AERA) and related stakeholders.
- 3) The proposed ATP for Tariff Year 4 is based on the rates of Tariff Year 3 increased by 10% on account of rate of inflation.
- 4) All charges mentioned above include existing concession fee, royalty, airport levy charged by the Airport Authority.
- 5) All charges mentioned above exclude all taxes such as Service Tax, as may be applicable.



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Form F14 (b) - Annual Tariff Proposal for Tariff Year 5

MAXIMUM RATES TO BE PAID BY SCHEDULED AIRLINES FOR COMPREHENSIVE GROUND HANDLING

S/N	Aircraft Types (ICAO Code)	Maximum Ground Handling Rate in INR (FY 2015-16)			
		Scheduled Passenger Aircraft		Scheduled Freighter Aircraft	
		Domestic Flight	International Flight	Domestic Flight	International Flight
1	CODE B	13,310	37,268	NA	NA
2	CODE C	17,835	97,163	59,895	145,745
3	CODE D	28,537	146,410	103,818	161,051
4	CODE E	59,895	186,340	125,114	219,615
5	CODE F	106,480	263,538	170,235	316,246

Notes:

- 1) The rates with each Airline will be negotiated based on services required from SGHA service items (usage of equipment and manpower), flight frequency, service level agreement, credit period and liability and indemnity requirement.
- 2) These rates may be revised, where external economic / financial factors warrant a review. However, any change, will be in consultation with the relevant authorities (AERA) and related stakeholders.
- 3) The proposed ATP for Tariff Year 5 is based on the rates of Tariff Year 4 increased by 10% on account of rate of inflation.
- 4) All charges mentioned above include existing concession fee, royalty, airport levy charged by the Airport Authority.
- 5) All charges mentioned above exclude all taxes such as Service Tax, as may be applicable.

