



30th APRIL 2011

THE SECRETARY
AIRPORTS ECONOMIC REGULATORY AUTHORITY OF INDIA
AERA BUILDING, ADMINISTRATIVE COMPLEX
SAFDARJUNG AIRPORT, NEW DELHI – 110 003

Kind Attn: Shri Sandeep Prakash

"WITHOUT PREJUDICE"

Dear Sir,

Subject: Submission of Multi Tear Tariff Proposal for Cargo and Ground Handling services at Bangalore and Hyderabad by Air India SATS Airport Services Private Limited

With reference to AERA's letter Reference no. AERA/20019/CGF-G/2010-11/Vol.II/1632 dated 21st February 2011 on the subject requesting us to submit the Multi Tear Tariff Proposal in as per guidelines issued by the Authority we are pleased to submit our proposal which contains the following:.

1. Various forms as per AERA guidelines
2. Copy of Service Provider's Agreement with Airport Operator
3. Summary of Operational Consultation undertaken with Stakeholder from time to time

The above submission is for Cargo Handling at Bangalore and Ground Handling at Bangalore and Hyderabad. The submission is in line with the Authority's AERA Guidelines, 2011.

As per guidelines issued by AERA, our services fall under "**Material but Competitive**" category at both these airports. The Materiality Assessment and Competition Assessment have been arrived as mentioned below:

1. Materiality Assessment: (as per Order No. 12/2010-11)
 - a. Cargo Handling at Bangalore MI_G is 9.2% which is $> 2.5\%$
 - b. Ground Handling at Bangalore MI_G is 5.2% which is $> 5\%$
 - c. Ground Handling at Hyderabad MI_G is 5.1% which is $> 5\%$

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AIR INDIA SATS AIRPORT SERVICES PVT. LTD.

Plot No. C-05L, Bengaluru International Airport,
Devanahalli, Bangalore - 560 300.

Tel : +91 80 6678 3431 / 6678 3021 Fax : +91 80 6678 3452 / 3091

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2. Competition Assessment:

- a. Cargo Handling at Bangalore – 2 service providers
- b. Ground Handling at Bangalore – 2 service providers
- c. Ground Handling at Hyderabad – 2 service providers

With the above info, it is apparent that we meet the conditions prescribed under the AERA Guidelines for the category of "**Material but Competitive**". For reasonableness of service provider's agreement the details for the same have also been furnished in our submission. In view of the facts submitted we request that our services fall under the 'Light touch Approach' as per the AERA guidelines.

Confidentiality of the documents submitted

This proposal contains confidential information in the form of, inter alia, business plans, historical and projected financials and agreements with airport operators that is secret and/or proprietary to Air India SATS Airport Services Private Limited ("**AISATS**"). This information shall not be disclosed outside the Authority, and shall not be duplicated, used, disclosed or published in whole or in part for any purpose except with the prior written approval of AISATS. Confidential information contained herein is noted on each applicable page. Irreparable competitive disadvantage could result from the release of any confidential information contained in this proposal. If there is a request for disclosure of any confidential information, please notify us in writing allowing us the opportunity to participate in any disclosure discussions.

We do trust that you will find the above details to be in line with the AERA guidelines.

Thanking You,

Yours Truly,
For Air India SATS Airport Services Pvt. Ltd.


Tjun Kyet Kwa
Head Marketing

Form F14 (b) - Annual Tariff Proposal for Tariff Year 1

MAXIMUM RATES TO BE PAID BY SCHEDULED AIRLINES FOR COMPREHENSIVE GROUND**HANDLING:****EFFECTIVE 15TH AUGUST 2011**

S/N	ICAO Code	Aircraft Types	Maximum Ground Handling Rate Per Flight in INR			
			Scheduled Passenger Aircraft		Scheduled Freighter Aircraft	
			Domestic Flight	International Flight	Domestic Flight	International Flight
1	CODE B	Single Engine Aircraft	10,000	28,000	NA	NA
2	CODE C	A318, A319, A320, A321 B717, B727, B737, BBJ, MD 81 to MD 90, DC9 TU134, TU134A, AN24, AN26, ATR 42, ATR72, F27, F28, F50, F70, F100, YAK 40, YAK 42	13,400	73,000	45,000	1,09,500
3	CODE D	A300-600, A310 B707, B727-100, B757, B767, B787-300, DC8, DC10, MD11	21,440	1,10,000	78,000	1,21,000
4	CODE E	A330-200, A330-300, A340 B747SP, B747, B777, B787-800, B787- 900 IL96	45,000	1,40,000	94,000	1,65,000
5	CODE F	A380	80,000	1,98,000	1,27,900	2,37,600

Notes:

- 1) To achieve the projected ARR only maximum ground handling rates have been suggested for Airlines as user agreements will be entered into with each Airline based on the IATA AHM 810 STANDARD GROUND HANDLING AGREEMENT 2004 or 2008 (SGHA).
- 2) The rates with each Airline will be negotiated based on services required from SGHA service items (usage of equipment and manpower), flight frequency, service level agreement, credit period and liability and indemnity requirement.
- 3) All charges mentioned above exclude taxes which will be charged at the prevailing rates.





प्रारूप 1
पंजीकरण प्रमाण-पत्र

कॉर्पोरेट पहचान संख्या : U74900DL2010PTC201763

2010 - 2011

मैं एतद्वारा सत्यापित करता हूँ कि येसर्स

Air India SATS Airport Services Private Limited

का पंजीकरण, कम्पनी अधिनियम 1956 (1956 का 1) के अंतर्गत आज़ा किया जाता है और यह कम्पनी प्राइवेट लिमिटेड है।

यह निगमन-पत्र आज दिनांक बीस अप्रैल दो हजार दस को मेरे हस्ताक्षर से दिल्ली में जारी किया जाता है।

Form 1
Certificate of Incorporation.

Corporate Identity Number : U74900DL2010PTC201763

2010 - 2011

I hereby certify that Air India SATS Airport Services Private Limited is this day incorporated under the Companies Act, 1956 (No. 1 of 1956) and that the company is private limited.

Given under my hand at Delhi this Twentieth day of April Two Thousand Ten.

(MAHESH CHANDRA SAXENA)

सहायक कम्पनी रजिस्ट्रार / Assistant Registrar of Companies

राष्ट्रीय राजधानी क्षेत्र दिल्ली एवं हरियाणा
National Capital Territory of Delhi and Haryana

कम्पनी रजिस्ट्रार के कार्यालय अभिलेख में उपलब्ध पत्राचार का पता :
Mailing Address as per record available in Registrar of Companies office:
Air India SATS Airport Services Private Limited
AIRLINES HOUSE, 113, GURUDWARA RAKABGANJ ROAD,
NEW DELHI - 110001,
DELHI, INDIA



Maresh Saxena

Details of Competitors Facility

Form F1 (b) - Competition Assessment:

S.N.	Details of Competitor Facility
1	Ground Handling at <u>Hyderabad</u> by: Menzies Aviation India Pvt Ltd and Bobba Group Joint Venture Level E, KGI Airport, Shamshabad Airport Hyderabad

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Form F7 (b) - Initial Regulated Assets Base FY 2008-09:

Asset	Useful Economic Life	Original Cost of Fixed Assets	Capital Receipt	Depreciation Rate	Year in Operations	Accumulated Depreciation
Building	15.0	2,08,50,287	0	7%	0	-
Office equipments	5.0	5,12,849	0	20%	0	-
Electrical equipments	4.0	54,085	0	25%	0	-
Computers	3.0	85,133	0	33%	0	-
Furniture and fitting	5.0	70,01,156	0	20%	0	-
Plant and machinery	6.0	16,01,403	0	17%	0	-
Ground Support Equipment	6.0	2,88,740	0	17%	0	-
Vehicle	7.0	79,95,796	0	14%	0	-
Total		4,68,41,449	-			-

Initial RAB Valuation:

Original cost of fixed assets	4,68,41,449
Accumulated depreciation	-
Capital receipt	-
Initial RAB	4,68,41,449

Note:

- 1) Grounds Handling at the Greenfield Hyderabad International Airport started on 25 March 2008 and assets have been capitalized post that.
- 2) It should also be noted that Air India SATS has taken majority of its ground support equipments on lease from the partner's (Air India Ltd.) hence the low RAB base.



Form F8 (b) - Format for providing proposed exclusions from RAB

Details of Proposed Excluded Assets from RAB						
S.N.	Asset Name	Book Value	Accumulated Depreciation	Justification for Exclusion	Any Land Associated with Asset	If yes, Details of Land
1	NIL	NIL	NIL	NIL	NIL	NIL
2	NIL	NIL	NIL	NIL	NIL	NIL
3	NIL	NIL	NIL	NIL	NIL	NIL
4	NIL	NIL	NIL	NIL	NIL	NIL

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Form F9 - Formats for Forecast and Actual Roll-Forward RAB

S.N.	Asset Name	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12 Tariff Year 1	FY 2012-13 Tariff Year 2	FY 2013-14 Tariff Year 3	FY 2014-15 Tariff Year 4	FY 2016-16 Tariff Year 5
A Opening RAB									
1	Building	-	1,89,22,967	1,59,43,461	1,29,63,955	99,84,449	70,04,943	40,25,437	10,45,931
2	Office equipments	-	4,11,616	4,11,616	4,11,616	4,11,616	4,11,616	4,11,616	4,11,616
3	Electrical equipments	-	42,543	42,543	42,543	42,543	42,543	42,543	42,543
4	Computers	-	70,36,053	44,28,834	14,96,212	18,96,924	18,96,924	27,30,257	35,63,590
5	Furniture and fitting	-	57,66,506	43,66,274	29,62,042	10,57,810	-	-	-
6	Plant and machinery	-	11,71,397	8,86,327	3,89,785	28,93,243	38,96,701	64,00,159	89,03,617
7	Ground Support Equipment	-	2,47,331	2,47,331	13,27,331	28,73,998	32,53,998	43,00,664	50,13,998
B Additions									
1	Building	2,08,50,287	-	-	-	-	-	-	-
2	Office equipments	5,12,849	-	-	-	-	-	-	-
3	Electrical equipments	54,085	-	-	-	-	-	-	-
4	Computers	85,37,133	3,25,403	-	50,00,000	25,00,000	50,00,000	50,00,000	25,00,000
5	Furniture and fitting	70,01,156	4,000	-	-	-	-	-	-
6	Plant and machinery	16,01,403	2,11,472	-	30,00,000	15,00,000	30,00,000	30,00,000	15,00,000
7	Ground Support Equipment	2,88,740	-	12,00,000	20,00,000	10,00,000	20,00,000	20,00,000	10,00,000
C Disposals									
1	Building	-	-	-	-	-	-	-	-
2	Office equipments	-	-	-	-	-	-	-	-
3	Electrical equipments	-	-	-	-	-	-	-	-
4	Computers	-	-	-	-	-	-	-	-
5	Furniture and fitting	-	-	-	-	-	-	-	-
6	Plant and machinery	-	-	-	-	-	-	-	-
7	Ground Support Equipment	-	-	-	-	-	-	-	-
D Depreciation									
1	Building	19,27,320	29,79,506	29,79,506	29,79,506	29,79,506	29,79,506	29,79,506	10,45,931
2	Office equipments	1,01,233	-	-	-	-	-	-	-
3	Electrical equipments	11,542	-	-	-	-	-	-	-
4	Computers	15,01,080	29,32,622	29,32,622	29,32,622	25,00,000	41,66,667	41,66,667	41,66,667
5	Furniture and fitting	12,34,650	14,04,232	14,04,232	19,04,232	10,57,810	-	-	-
6	Plant and machinery	4,30,006	4,96,542	4,96,542	4,96,542	4,96,542	4,96,542	4,96,542	4,96,542
7	Ground Support Equipment	41,409	-	1,20,000	4,53,333	6,20,000	9,53,333	12,86,667	14,53,333
E Closing RAB									
1	Building	1,89,22,967	1,59,43,461	1,29,63,955	99,84,449	70,04,943	40,25,437	10,45,931	-
2	Office equipments	4,11,616	4,11,616	4,11,616	4,11,616	4,11,616	4,11,616	4,11,616	4,11,616
3	Electrical equipments	42,543	42,543	42,543	42,543	42,543	42,543	42,543	42,543
4	Computers	70,36,053	44,28,834	14,96,212	18,96,924	18,96,924	27,30,257	35,63,590	44,28,834
5	Furniture and fitting	57,66,506	43,66,274	29,62,042	10,57,810	-	-	-	-
6	Plant and machinery	11,71,397	8,86,327	3,89,785	28,93,243	38,96,701	64,00,159	89,03,617	99,07,000
7	Ground Support Equipment	2,47,331	2,47,331	13,27,331	28,73,998	32,53,998	43,00,664	50,13,998	49,60,664

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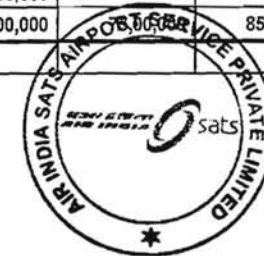


Form F10 (a) Capital Projects:

S.N.	Project Type	FY 2011-12 Tariff Year 1	FY 2012-13 Tariff Year 2	FY 2013-14 Tariff Year 3	FY 2014-15 Tariff Year 4	FY 2015-16 Tariff Year 5
1	Computer Peripherals & Software	10,00,000	5,00,000	10,00,000	10,00,000	5,00,000
2	Electric / Diesel Baggage Tractors	20,00,000	10,00,000	20,00,000	20,00,000	10,00,000
3	GSE Maintenance Equipment	30,00,000	15,00,000	10,00,000	5,00,000	5,00,000
4	Cargo Pallets (10 feet)	10,00,000	10,00,000	20,00,000	20,00,000	5,00,000
5	Baggage Trolleys Big (covered)	-	10,00,000	-	20,00,000	25,00,000
6	Second Deck Loader	-	-	20,00,000	25,00,000	-
7	Sky Loader	30,00,000	-	20,00,000	-	-
	Total	1,00,00,000	50,00,000	1,00,00,000	1,00,00,000	50,00,000

Form F10 (b) - Capital Projects Plan - 10 year Master

S.N.	Project Type	FY 2011-12 Tariff Year 1	FY 2012-13 Tariff Year 2	FY 2013-14 Tariff Year 3	FY 2014-15 Tariff Year 4	FY 2015-16 Tariff Year 5	FY 2015-16 Tariff Year 6	FY 2015-16 Tariff Year 7	FY 2015-16 Tariff Year 8	FY 2015-16 Tariff Year 9	FY 2015-16 Tariff Year 10
1	Computer Peripherals & Software	10,00,000	5,00,000	10,00,000	10,00,000	5,00,000	5,00,000	5,00,000	5,00,000	5,00,000	5,00,000
2	Electric/ Diesel Baggage Tractors	20,00,000	10,00,000	20,00,000	20,00,000	10,00,000	-	-	20,00,000	-	20,00,000
3	GSE Maintenance Equipment	30,00,000	15,00,000	10,00,000	5,00,000	5,00,000	5,00,000	-	5,00,000	-	5,00,000
4	Cargo Pallets (10 feet)	10,00,000	10,00,000	20,00,000	20,00,000	5,00,000	-	5,00,000	-	5,00,000	-
5	Baggage Trolleys Big (covered)	-	10,00,000	-	20,00,000	25,00,000	-	20,00,000	-	25,00,000	20,00,000
6	Second Deck Loader	-	-	20,00,000	25,00,000	-	-	-	-	25,00,000	-
7	Sky Loader	30,00,000	-	20,00,000	-	-	-	-	20,00,000	-	20,00,000
8	Pushback Tractor (narrow body)	-	-	-	-	-	65,00,000	-	-	-	-
9	Pushback Tractor (wide body)	-	-	-	-	-	-	90,00,000	-	-	-
10	Passenger Step (covered)	-	-	-	-	-	10,00,000	-	-	-	10,00,000
11	GPU	-	-	-	-	-	-	-	20,00,000	-	-
12	Office Refurbishment	-	-	-	-	-	-	10,00,000	-	10,00,000	-
13	Furniture	-	-	-	-	-	5,00,000	5,00,000	5,00,000	5,00,000	5,00,000
14	Vehicles	-	-	-	-	-	15,00,000	-	9,00,000	-	-
	Total	1,00,00,000	50,00,000	1,00,00,000	1,00,00,000	50,00,000	1,05,00,000	1,35,00,000	84,00,000	85,00,000	85,00,000



Form F10 (c) - Year Wise Capital Expenditure Financing Plans

S.N.	Project Type	FY 2011-12 Tariff Year 1	FY 2012-13 Tariff Year 2	FY 2013-14 Tariff Year 3	FY 2014-15 Tariff Year 4	FY 2015-16 Tariff Year 5	FY 2015-16 Tariff Year 6	FY 2015-16 Tariff Year 7	FY 2015-16 Tariff Year 8	FY 2015-16 Tariff Year 9	FY 2015-16 Tariff Year 10
1	Project CAPEX (Internal Accruals)	1,00,00,000	50,00,000	1,00,00,000	1,00,00,000	50,00,000	1,05,00,000	1,35,00,000	84,00,000	75,00,000	85,00,000

Form F10 (d) - Summary Statement of Expenses

S.N.	Particulars	FY 2011-12 Tariff Year 1	FY 2012-13 Tariff Year 2	FY 2013-14 Tariff Year 3	FY 2014-15 Tariff Year 4	FY 2015-16 Tariff Year 5
1	Interest & Finance Charges Capitalised	CONFIDENTIAL				
2	Cost of raising Finance & Bank Charges					
3	Other Expenses Capitalised					
4	Total Expenses Being	NIL	NIL	NIL	NIL	NIL

Form F10 (e) - Additional Capital Projects Summary

S.N.	Particulars	FY 2011-12 Tariff Year 1	FY 2012-13 Tariff Year 2	FY 2013-14 Tariff Year 3	FY 2014-15 Tariff Year 4	FY 2015-16 Tariff Year 5
1	Opening WIP Assets	CONFIDENTIAL				
2	Additions - New WIP					
3	WIP Capitalized					
4	Closing WIP Assets		NIL	NIL	NIL	NIL



Historical and Forecasted Volume

Form F12 (a)-Historical and Projected Aircraft Movements:

Year	Domestic (Landing)			International (Landing)		
	Optimistic	Most Likely	Conservative	Optimistic	Most Likely	Conservative
2008-2009		4,112			4,277	
2009-2010		4,446			4,352	
2010-2011		5,309			3,931	
2011-2012	5,681	5,521	5,468	4,285	4,167	4,128
2012-2013	5,908	5,742	5,687	4,542	4,417	4,375
2013-2014	6,144	5,972	5,914	4,814	4,682	4,638
2014-2015	6,390	6,211	6,151	5,103	4,963	4,916
2015-2016	6,646	6,459	6,399	5,409	5,261	5,211
2016-2017	6,911	6,653	6,653	5,734	5,524	5,524
2017-2018	7,119	6,853	6,853	6,021	5,800	5,800
2018-2019	7,332	7,058	7,058	6,322	6,090	6,090
2019-2020	7,552	7,235	7,270	6,638	6,333	6,394
2020-2021	7,741	7,415	7,452	6,903	6,587	6,650

Note:

- 1) IMF predicts an average growth rate for India for next 5 year at 7.86%
- 2) IATA expects aircraft movements to increase by 6% this year 2011 (IATA release 28 Feb 2011)

