

Airports Economic Regulatory Authority of India

Order No. 28/2015-16

**AERA Building,
Administrative Complex,
Safdarjung Airport,
New Delhi - 110003**

Date of Order: 21st August, 2015

Date of Issue: 25th August, 2015

Service: Ground Handling Services
Service provider: M/s Menzies Bobba Ground Handling Services Pvt. Ltd. (MBBA)
Airport: Rajiv Gandhi International Airport, Shamshabad, Hyderabad.

Determination of tariff for the Fourth (2014-15) and Fifth (2015-16) tariff year of the first control period.

The Authority, vide Direction No. 04/2010-11 dated 10.01.2011, had issued the Guidelines [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] prescribing procedures, terms and conditions for determination of tariff for the above mentioned regulated services being provided by Independent Service Provider(s). As per the Guidelines, the service providers are required to submit Multi Year Tariff Proposal (MYTP) for the five year control period and Annual Tariff Proposal (ATP) for individual tariff years of the Control Period.

2. The Authority had considered the Multi Year Tariff Proposal (MYTP) submitted by M/s Menzies Bobba Ground Handling Services Pvt. Ltd. (MBBA) in respect of Ground Handling Services provided at Rajiv Gandhi International Airport, Shamshabad, Hyderabad for the first control period of 5 years commencing w.e.f. 01.04.2011. After due stakeholder consultation, the Authority issued a Multi-Year Tariff Order (MYTO) vide Order no. 15/2011-12 dated 17.10.2011 wherein, *inter-alia*, it was decided that the services provided for ground handling services at Rajiv Gandhi International Airport, Shamshabad are "non material" and hence "light touch approach" be adopted for determination of tariff. Pursuant to issue of above, the Authority considered the Annual Tariff Proposal (ATP) for the first, second and third tariff years and after due stakeholder consultation, determined the tariffs vide ATO(s) No. 15/2012-13 dated 11.09.2012 for the 1st and 2nd tariff years and vide Order No. 10/2013-14 dated 15.05.2013 for the 3rd tariff year.

3. Menzies Bobba Ground Handling Services Pvt. Ltd. vide letter no. nil dated 27.02.2014, 24.12.2014 and 23.02.2015 submitted the Annual Tariff Proposal for the fourth tariff year (i.e. 2014-15) and the fifth tariff year (2015-16) along with Form B and Form 14 (b) and annual compliance statement duly certified by Chartered Accountant for tariff year 2013-14.



4.1 The Authority, vide letter dated 22.03.2015 and subsequent reminders thereto vide letter dated 27.04.2015, 18.05.2015, 06.07.2015 and subsequent reminder email dated 14.07.2015 & 15.07.2015 requested MBBA to submit (i) Annual compliance duly completed in accordance with Clause 10.11 read with Para AI 9.3 and AI. 9.4 of AERA (Terms and Conditions for Determination of Tariff for Services provided by Cargo Facility, Ground Handling and Supply of Fuel to the Aircraft) Guidelines, 2011 for tariff year 2011-12, 2012-13 and 2013-14 and (ii) revised Tariff(s) Proposal for tariff year 2015-16 by including airport concessions fees and in line with Clause 10.08 read with para AI.8 of the Guidelines.

4.2 In response, Menzies Bobba vide email dated 14.07.2015 replied that
".. the fields for RAB details are applicable only for services providers deemed "material and non-competitive" and hence those details have not furnished".

5. Accordingly, Authority, vide letter dated 23.07.2015 requested Menzies Bobba Ground Handling Services Pvt. Ltd to furnish (i) tariff card after including the airport concession fees and excluding the tax component; and (ii) the justification for increase proposed in the 4th and 5th tariff years by 03.08.2015 failing which it was informed that the Authority shall approve continuation of existing tariffs upto 31.03.2016 i.e. for the remaining period of 1st Control Period. No reply has been received from MBBA.

6. The Authority noted the following:

- (i) MBBA has proposed increase in tariff year 2014-15 and 2015-16 as compared to earlier approved tariff for tariff year 2013-14. But there is no user agreement and evidence of stakeholder consultation along its submission. However, MBBA submitted in its tariff card that:

"...To Achieve the projected ARR only maximum ground handling rates have been suggested for Airlines as user agreements will be entered into with each Airlines based on the Iata AHM 810 Standard Ground Handling Agreement 2004 Or 2008 (SGHA).

The rates will 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. Also, scope of services are very different for International & Domestic."

- (ii) Less than one year is left for completion of the 1st Control Period, which is set to expire on 31.03.2016 and process for determination of tariff involving stakeholder consultation will take approx. 2-3 months and thus benefits of revised tariff may be available for less than 6 months from the date of order.

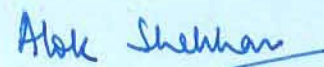
ORDER

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



- (i) Menzies Bobba Ground Handling Services Pvt. Ltd. would continue to levy tariffs in respect of Ground Handling Services at Rajiv Gandhi International Airport, Shamshabad for the remaining period of the current control period at the same level as was approved vide Authority's Order No. 10/2013-14 dated 15.05.2013 for the third tariff year as at **Annexure-I.**
- (ii) Menzies Bobba Ground Handling Services Pvt. Ltd. should submit the MYTP and ATP for the 2nd Control Period well in time as per the Guidelines by incorporating the actual financials of 2014-2015.

**By the Order of and in the
Name of the Authority**


(Alok Shekhar)
Secretary

To,

**M/s Menzies Bobba Ground Handling Services Pvt. Ltd.
Passenger Terminal Building, Level – E,
Rajiv Gandhi International Airport,
Shamshabad – 500 409
Ranga Reddy District
Telangana.**

(Through: Shri Suresh Pillai, Chief Executive Officer)



Annexure -I

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

EFFECTIVE 1st APRIL 2015

S.N.	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	A319, A320, A321	6100	77026	NA	NA
2	B737, B732F	NA	46395	4769	NA
3	A1R 42	2900	NA	NA	NA
4	B767, B777-200, MD 11F	NA	149361	NA	102400
5	A330-200, A330-300	NA	157058	NA	NA
6	A340	NA	166565	NA	NA
7	B747	NA	159385	NA	NA
8	B777 - 300	NA	142541	NA	NA
9	B787	NA	138451	NA	NA
10	B747F	NA	NA	NA	67890

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. Also, scope of services are very different for International & Domestic.
- 2). All charges mentioned above exclude taxes which will be charged at the prevailing rates.

