



सत्यमेव जयते

Airports Economic Regulatory Authority of India

TO CONSIDER THE ANNUAL TARIFF PROPOSAL FOR FY2018-19 AND FY2019-20 FOR THE SECOND CONTROL PERIOD IN RESPECT OF M/s GLOBEGROUND INDIA PRIVATE LIMITED(GGI) FOR PROVIDING GROUND HANDLING SERVICES AT KEMPEGOWDA INTERNATIONAL AIRPORT,BENGALURU.

New Delhi: 1st Feb, 2019.

**AERA Building
Administrative Complex
Safdarjung Airport.
New Delhi.**

1. Brief Background:

M/s GGI is one of the Ground Handling agencies appointed by Bangalore International Airport Ltd. for carrying out Ground Handling (GH) at Kempegowda International Airport, Bengaluru(BIAL). The Authority vide its Order No. 11/2018-19 dated 28th May,2018 decided to determine tariff under “**Light Touch Approach**” for the whole duration of second control period. Simultaneously the Authority determined/approved tariff for FY2016-17 & FY2017-18, till 31.07.2018 or the date of termination of the Ground Handling contract whichever is earlier, during third tariff year (FY2018-19) of the second control period. The Authority vide above mentioned order did not agree to the increase of 10% in the tariff as sought by M/s GGI, and directed M/s GGI to continue with the existing tariff determined by the Authority vide Order no. 37/2015-16 dated 20.10.2015. M/s GGI vide their letter dated **31st July, 2018** submitted that they have been further awarded for Ground Handling Services at Bengaluru International Airport for another term of ten years starting from **1st Aug,2018** through bidding process.

2. MYTP/ATP/ACS Submissions made by M/s GGI for 2nd control period.

M/s GGI vide their letter dated 31st July.2018 submitted their ATP for FY 2018-19 & FY 2019-20 (**Annexure I**), M/s GGI submitted the following documents for the determination of tariff for FY2018-19 & FY2019-20.

- a) Audited Balance Sheet for FY2016-17 and FY2017-18.
- b) Audited Annual Compliance Statement (ACS) for FY2016-17 & FY 2017-18(**Annexure II**).
- c) BIAL Ground Handling Concession Award Letter to M/s GGI.
- d) The Concession Agreement entered with BIAL.
- e) Key User Agreements for examination of the Authority.

3. Determination of Aeronautical Tariff under “Light Touch Approach”.

- 1.1 The Authority vide its Order No. 11/2018-19 dated 28th May,2018 decided to adopt ‘Light Touch Approach’ for the Second Control Period (FY. 2016-17 to FY. 2020-21).
- 1.2 GGI has submitted the copy of Concession Agreement with BIAL for the scrutiny of the Authority.
- 1.3 M/s GGI has not conducted Stakeholder Consultation with the users and trade bodies on the proposed ATP for FY2018-19 and FY2019-20.M/s GGI should conduct stakeholder consultation as per the CGF Guidelines and submit sufficient evidences of the required Stakeholder Consultation in future.

4. Authority’s Examination on the proposal.

- 4.1 The services rendered by GGI for providing Ground Handling facility at Kempegowda International Airport, Bengaluru are aeronautical services in

terms of section 2(a) of the Airports Economic Regulatory Authority of India Act, 2008 (Act) and under section 13 (1)(a) of the Act, the Authority is required to determine tariff for aeronautical services.

- 4.2 M/s GGI has been re-awarded with Ground Handling services at Kempegowda International Airport by BIAL through bidding for a tenure of 10 years effective from 1st August,2018 to 31st July,2028. M/s GGI has submitted the Annual Compliance Statement (ACS) for the tariff year FY2016-17 & FY2017-18(provisional) for Second control period. M/s GGI has submitted ATP for the FY2018-19 & FY2019-20 of second control period. M/s GGI has not submitted any evidence of stakeholder consultation meeting for the above mentioned proposed ATP.
- 4.3 Based on the ACS submission by GGI a comparative scenario of revenue, cost and return on average RAB for the FY2016-17 and FY2017-18 is prepared and annexed as **“Annexure-III”**. The Authority observed the following parameters in the financials as submitted by GGI:
- a) Return on Average RAB for FY2016-17 and FY 2017-18 stands at 106% and 117% respectively.
 - b) The turnover/profit % earned in FY 2016-17 and FY2017-18 is 21% and 20% respectively.

The Authority observed that M/s GGI earning reasonable profit in FY 2016-17 & FY2017-18.

- 4.4 The Authority observed that M/s GGI in their submissions vide their letter dated 31st July,2018 proposed/requested for lower tariff from the existing tariff approved by AERA vide order No. 11/2018-19 dated 28th May,2018. M/s GGI has proposed a new tariff card for Indian Registered Carriers flying aboard/International. M/s GGI has provided the justification by stating that the Indian registered carriers flying international or intended to fly international negotiate based on their business volume contribution towards the business which the International carriers do not match. On this issue the Authority is of the view, that providing discount or adding up two different rates for the same aircraft and proposing/introducing a new category in the tariff card is a business/marketing strategy of the ISP and the same cannot be allowed. The new category appears to be discriminatory and for similar ground handling services the charges cannot be different for Domestic and International carriers. The Authority called for a meeting with M/s GGI for discussing the above mentioned issue and directed M/s GGI to submit the revised Annual Tariff Proposal (ATP). M/s GGI vide their email dated 12.11.2018 submitted the revised ATP which is based on the number of Flights operation in a year by the Airline. The same has been enclosed as **“Annexure-IV”** for reference of the stakeholders and their comments thereof.
- 4.5 The Authority observed that M/s GGI has not conducted the stakeholder consultation with its users and trade bodies wherein the proposed ATP is discussed. The Authority is of the view that the addition/introduction of

separate category or introduction of new tariff should be adequately discussed with the users and trade bodies before implementation.

5. **Proposal**

The Authority, after careful consideration of the MYTP and ATP for Second Control Period, makes the following proposal for stakeholder consultation:

- 5.1 The Authority in accordance to the provisions of Chapter V of the AERA Guidelines vide its Order No. 11/2018-19 dated 28th May.2018 decided that the tariff for M/s GGI will be determined under **“Light Touch Approach”** for the duration of Second Control Period (01.04.2016 to 31.03.2021) and accordingly issued the MYTO for the 2nd control period.
- 5.2 The Authority is of the view that ‘the Guidelines’ need not be followed in a routine manner. Further even in ‘Light Touch approach’, the Authority examines the margins, the increase in profit and return on RAB to ensure that extraordinary profits do not accrue to the service provider and that the ultimate customer is not burdened with higher tariffs as the latter does not have much say in the User Agreements.
- 5.3 Since M/s GGI has not conducted the stakeholder consultation with its users and trade bodies on the revised ATP (**Annexure-IV**) which is based on the volume/no of flights operated by the airline, the same is not considered by the Authority. M/s GGI is advised to hold User Consultation meeting with the Stakeholders and submit a copy of the meeting regarding tariff proposal. In absence of User Consultation process and considering the view of fact stated at para 4.3 & 4.4 and since M/s GGI has entered new concession agreement with BIAL, it is proposed that M/s GGI may be allowed to continue with the existing tariff for the residual period of FY 2018-19 and continue/maintain the tariff at same level for FY 2019-20(**Annexure V**). However the performance of the Company based on audited financials will be quantified/trued up annually in the month of October each year and the tariff for FY2020-21 would be determined based on the actuals submitted by M/s GGI.
- 5.4 The Authority will issue the final order only after considering the written comments/observations of the stakeholders.
- 5.5 However, for any increase in tariffs, M/s GGI may approach AERA after conducting stakeholder consultation on the proposed ATP in future with justification and audited financials.
- 5.6 Tariff determined as above will be maximum tariff to be charged. No other charge is to be levied over and above the approved tariff.
- 5.7 M/s GGI should not exceed the tariff charges for its Non-Schedule Operations as approved by AERA for its schedule operations for similar class of aircraft.
- 5.8 In accordance with the provisions of Section 13(4) of the AERA Act, the proposal contained in para 5 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 as annexures to the consultation paper. 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 here to and by making such decision fully documented and explained in terms of the provisions of the Act.

- 5.9 The Authority welcomes written evidence-based feedback, comments and suggestions from stakeholders on the proposal made in para 5 above, latest by **22nd Feb, 2019** at the following address:

**Secretary,
Airports Economic Regulatory Authority of India,
AERA Building,
Administrative Complex,
Safdarjung Airport,
New Delhi- 110003.**

**Tel: 011-24695040
Fax: 011-24695039**

**Email-chairperson@aera.gov.in
gita.sahu@aera.gov.in**

**S. Machendranathan
Chairperson**

Annual Tariff Proposal

GlobeGround India Pvt. Ltd. (Operations at Bangalore International Airport, Bengaluru)

Maximum Rate to be paid by Scheduled Airlines for comprehensive Ground Handling

Tariff year 3rd and Tariff year 4th(FY 2018-19 & FY 2019-20) of Second Control Period

			Maximum Ground Handling rates in INR for Tariff Year 3rd & 4th (2018-19 and 2019-20)				
			Scheduled Passenger Aircraft		Scheduled Freight Aircraft		International Flights of Indian Registered Carriers
S.No.	ICAO Code	Aircraft Type	Domestic	International	Domestic	International	International
1	Code C(s)	ATR/ Q400	6,051	-	-	-	16,500.00
2	Code C	A318,A319,A320,A321,B717,B727,B737,BBJ,MD81 to MD90,DC9,TUI34,TUI34A,AN24,AN26,ATR42,ATR72,F27,F28,F50,F70,F100,YAK40,YAK42	11,169	69,584	25,000	-	26,500.00
3	Code D	A300-600,A310,B707,B727-100,B757,B767,B787-300,DC8,DC10,MD11	12,774	89,526	57,850	121,548	44,850.00
4	Code E	A330-200,A330-309,A340,B747SP,B747,B777,B787-800,B787-900,IL96	-	208,155	-	119,654	96,500.00
5	Code F	A380	-	393,515	-	-	-

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 excludes all taxes such as Goods & Service Tax, as may be applicable.



Ground India Private Limited

Annexure-16 : Performance Report for the Tariff Years
Palore Station

Particulars	Actual (Audited) 2017-18	Forecasted Figure 2017-18	Actual (Audited) 2016-17	Forecasted Figure 2016-17
Total Revenue from Regulated Services (1)	620,914,561	622,870,417	643,215,759	667,913,977
Total Revenue from Services other than Regulated Services (2)	-	-	-	-
Operating Expenditure (3)	485,669,035	483,349,927	483,876,311	505,185,208
Depreciation (4)	12,039,596	19,828,230	21,642,709	49,401,063
Total Expenditure (3) + (4) = (5)	497,708,631	503,178,157	505,519,020	554,586,271
Regulated Operating Profit (1) + (2) - (5) = (6)	123,205,930	119,692,260	137,696,739	113,327,706
Capital Expenditure (7)	0.679,826	638,326	28,791,520	12,500,000
Opening RAB (8)	127,407,765	225,982,649	132,891,492	262,883,712
Disposals/ Transfers/Depreciation/Adjustment(9)	44,195,915	52,221,995	34,275,247	49,401,063
Closing RAB (8) + (9) - (10) = (10)	83,891,676	76,298,988	127,407,765	225,982,649
Average RAB (8) + (10)/2 = (11)	105,649,721	151,140,819	130,149,629	244,433,181
Return on Average RAB (6)/(11)	1.17	0.79	1.06	0.46
Total Volume (Cargo /Fuel throughput/ATM) (12)	23,878	23,878	23,576	22,776
Actual Yield per unit (12/1)	26,004	26,086	27,283	29,325

Tariff year commence on 1st April to 31st March

For calculating Regulated Operating Profit, other income (Interest Income, Excess Provision Written Back, Miscellaneous Income, Bad Debt Recovered, Exchange Fluctuation etc) is not considered.

Actual figures given in this Annual Compliance statement for the tariff years 2017-18 and 2016-17 have been taken from the audited financial statements and books of accounts. Forecasted figures for the same years have been provided by the management and we have relied upon it.

For Shailender K Bajaj & Co.

Chartered Accountants

RN.12491N

Shailender Kumar
BajajShailender K. Bajaj
I.No. 091615Date 04.01.2019
Place : New Delhi

Sl. No.	Performance report for the years	2016-17	2017-18
1	Regulated revenue:		
2	Revenue from Regulated Service	64.32	62.09
3	Other than Regulated Services	0	0
4	Total Revenue{(1)+(3)}	64.32	62.09
	Expenditure		
5	Operating Expenditure	48.39	48.56
6	Depreciation	2.16	1.2
7	Total Expenditure{(5)+(6)}	50.55	49.76
8	Operating Profit{(4)-(7)}	13.77	12.33
9	Capital Expenditure	2.87	0.07
10	Opening RAB	13.28	12.74
11	Disposals/ Transfers	1.26	3.21
12	Depreciation	2.16	1.2
13	Closing RAB{(9+10-11-12)}	12.73	8.397
14	Average RAB{(10+13)/2}	13.01	10.57
15	Return on Average RAB {(8)/(14)}	106%	117%
16	profit margin{(8)/(4)}	21%	20%
17	Total Volume(MT)	23,576	23878

AERA Filling - ATP

Passenger Flights

	FLIGHTS PER ANNUM	Ramp Service			Pax Service			Ramp + Pax service		
		Comprehensive	Partial	Basic	Comprehensive	Partial	Basic	Comprehensive	Partial	Basic
Category C	1 TO 400	64,735	42,078	32,368	27,744	18,033	13,872	92,479	60,111	46,239
	401 TO 800	63,441	41,236	31,720	27,189	17,673	13,594	90,629	58,909	45,315
	801 TO 1200	61,537	39,999	30,769	26,373	17,143	13,187	87,911	57,142	43,955
	1201 TO 1600	46,153	29,999	23,077	19,780	12,857	9,890	65,933	42,856	32,966
	1601 & above	43,845	13,200	10,154	8,703	5,657	4,352	52,549	18,857	14,505
Category D	1 TO 400	65,633	42,661	32,816	28,128	18,283	14,064	93,761	60,945	46,880
	401 TO 800	64,320	41,808	32,160	27,566	17,918	13,783	91,886	59,726	45,943
	801 TO 1200	63,034	40,972	31,517	27,014	17,559	13,507.19	90,048	58,531	45,024
	1201 TO 1600	61,773	40,152	30,886	26,474	17,208	13,237	88,247	57,361	44,123
	1601 & above	60,537	39,349	30,269	25,945	16,864	12,972	86,482	56,213	43,241
Category E	1 TO 400	1,93,885	1,26,026	96,943	83,094	54,011	41,547	2,76,979	1,80,036	1,38,490
	401 TO 800	1,84,191	1,19,724	92,096	78,939	51,310	39,470	2,63,130	1,71,035	1,31,565
	801 TO 1200	1,70,377	1,10,745	85,188	73,019	47,462	36,509	2,43,395	1,58,207	1,21,698
	1201 TO 1600	1,53,339	99,670	76,670	65,717	42,716	32,858	2,19,056	1,42,386	1,09,528
	1601 & above	1,38,005	89,703	69,003	59,145	38,444	29,573	1,97,150	1,28,148	98,575
Category F	1 TO 400	2,88,489	1,87,518	1,44,244	1,23,638	80,365	61,819	4,12,127	2,67,882	2,06,063
	401 TO 800	2,74,064	1,78,142	1,37,032	1,17,456	76,346	58,728	3,91,520	2,54,488	1,95,760
	801 TO 1200	2,60,361	1,69,235	1,30,181	1,11,583	72,529	55,792	3,71,944	2,41,764	1,85,972
	1201 TO 1600	2,40,834	1,56,542	1,20,417	1,03,215	67,089	51,607	3,44,049	2,23,632	1,72,024
	1601 & above	2,16,751	1,40,888	1,08,375	92,893	60,381	46,447	3,09,644	2,01,268	1,54,822

Freighter Flights

Freighter Flights - Turn Around Flights

	FLIGHTS PER ANNUM	Ramp Service		
		Comprehensive	Partial	Basic
Category C	1 TO 400	67,488	43,867	33,744
	401 TO 800	66,138	42,990	33,069
	801 TO 1200	64,154	41,700	32,077
	1201 TO 1600	48,116	31,275	24,058
	1601 & above	21,171	13,761	10,585
Category D	1 TO 400	1,71,132	1,11,236	85,566
	401 TO 800	1,67,709	1,09,011	83,855
	801 TO 1200	1,64,355	1,06,831	82,178
	1201 TO 1600	1,61,068	1,04,694	80,534
	1601 & above	1,57,847	1,02,600	78,923
Category E	1 TO 400	1,85,133	1,20,337	92,567
	401 TO 800	1,75,877	1,14,320	87,938
	801 TO 1200	1,62,686	1,05,746	81,343
	1201 TO 1600	1,46,417	95,171	73,209
	1601 & above	1,31,776	85,654	65,888

Freighter Flights - Transit Flights

	Transit Service		
	Comprehensive	Partial	Basic
Category C	50,616	33,744	26,995
	49,604	33,069	26,455
	48,116	32,077	25,662
	36,087	24,058	19,246
	15,878	10,585	8,468
Category D	1,28,349	85,566	68,453
	1,25,782	83,855	67,084
	1,23,266	82,178	65,742
	1,20,801	80,534	64,427
	1,18,385	78,923	63,139
Category E	1,38,850	92,567	74,053
	1,31,908	87,938	70,351
	1,22,015	81,343	65,074
	1,09,813	73,209	58,567
	98,832	65,888	52,710

NOTE

- The above rates are inclusive of the concession fees.
- GST shall apply on the above rates as applicable.
- The slab for the airlines shall be based on :
 - Aircraft category
 - Annual flight frequencies
 - Type of service i.e. ramp or passenger or both along with combination like comprehensive, partial or basic services
- In case the agreement rates are in USD or in any other foreign currency, further to the above conditions, following condition shall also to be considered:
 - the slab for the airline shall be considered on the prevailing exchange rate as on the date of signing of the agreement.
 - The billing shall be raised based on the prevailing exchange rate on the date of invoice, and any difference in the base rate shall not be the basis for moving from one slab to another. The slab shall be valid at least for one calendar year.
 - The change in the slab for the customer airline, in case there is a change in flight frequency, making them entitled for another slab, shall be considered in the following calendar year. No changes in the slab shall be considered in between the prevailing calendar year.

M/s Globeground India Pvt. Ltd.(BIAL)

Proposed Tariff for the FY 2018-19 & 2019-20.

SNo.	ICAO Code	Aircraft Type	FY2018-19 & 2019-20			
			Scheduled Passenger Aircraft		Scheduled Freighter Aircraft	
			Domestic	International	Domestic	International
1	Code B	Single Engine Aircraft	12,100	33,880	N/A	N/A
2	Code C	A318,A319,A320,A321,B717,B727,B737,BBJ,MD81 to MD90,DC9,TUI34,TUI34A,AN24,AN26,ATR42,ATR72,F27,F28,F50,F70,F100,YAK40,YAK42	16,214	88,330	54,450	1,32,495
3	Code D	A300-600,A310,B707,B727-100,B757,B767,B787-300,DC8,DC10,MD11	25,942	1,33,100	94,380	1,46,410
4	Code E	A330-200,A330-309,A340,B747SP,B747,B777,B787-800,B787-900,IL96	54,450	1,69,400	1,13,740	1,99,650
5	Code F	A380	96,800	2,39,580	1,54,759	2,87,496

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 rated stakeholders.
- 3) All the above mentioned rates are excluding Government taxes & levies such as service tax/ GST etc. The same shall be extra as may be applicable.
