

AIRPORTS ECONOMIC REGULATORY AUTHORITY OF INDIA
MINUTES OF THE STAKE HOLDERS CONSULTATION MEETING

HELD ON 28.02.2017 AT 12:00 PM

CONSULTATION PAPER NO. 06/2016-17 DATED 16.02.2017 TO CONSIDER THE MULTI YEAR TARIFF PROPOSAL AND ANNUAL TARIFF PROPOSAL FOR THE SECOND CONTROL PERIOD IN RESPECT OF M/S MENZIES AVIATION BOBBA (BANGALORE) PRIVATE LIMITED FOR PROVIDING CARGO HANDLING SERVICES AT KEMPEGOWDA INTERNATIONAL AIRPORT, BANGALORE.

A Stakeholder Consultation meeting was convened by the Authority on 28.02.2017 at 12.00 PM in the Conference Room, first floor, AERA Building, Administrative Complex, Safdarjung Airport, New Delhi to elicit the views of the stakeholders on the Consultation Paper no. 06/2016-17 dated 16.02.2017 issued by the Authority to consider the Multi-year Tariff Proposal and Annual Tariff Proposal for the second control period in respect of M/s Menzies Aviation Bobba (Bangalore) Private Limited for providing cargo handling services at Kempegowda International Airport, Bangalore. The list of participants is enclosed at **Annexure-I**.

2. Secretary-AERA in the presence of Chairperson and Members welcomed the participants to the meeting and briefed them on the subject Consultation Paper. Further, the Chairman advised the stakeholders to give their written comments on or before Friday, the 3rd March, 2017.

The comments of various stakeholders are as follows:

2.1 Shri B. Ratnakar, CFO, MABB

Shri Ratanakar appraised the Authority that MABB has sought a nominal average increase of 5% in international and domestic cargo tariffs. The increase has been sought mainly to cover the increasing manpower and operation and maintenance costs during the second control period. He further stated that MABB has plans to incur the capital expenditure during the 2nd control period for replacement of forklift machines, x-ray machines among other things. He also stated that their major chunk of revenue is from demurrage charges which are going to reduce considerably due to change in the Government Policy on the demurrage free period. He also stated that under the new master plan of BIAL cargo building will be relocated and bidding for the new cargo terminal will be floated sometime in the year 2020. By the time, new cargo terminal will come up by 2023, the concession period of MABB will also come to an end. Responding to query from Chairman regarding discounts on maximum tariffs, CFO stated that they do offer some discounts to cargo handlers based on the cargo volumes. CFO concluded saying that increase in tariffs is required to maintain the service levels at par with the international standards.

2.2 Shri Amit Gulati ,President and Shri R. P. Shukla, Secretary General, DACAAI.

DACAAI stated that the service levels of MABB at Bangalore Airport are above par. However, from the trade perspective maintaining stability in prices is required for

ease of trade in the present environment. He endorsed the MABB approach of flexible pricing and incentives during the lean period of operations.

2.3 **Observations made by the Authority.**

The Authority was of the view that as per the ACS and other financials for the first control period submitted by MABB return on Average RAB is around 39% to 67%. Keeping in view the growth in revenue and cargo volumes and the discounts on maximum tariffs offered by MABB, there appears no reason for giving any further increase in tariffs. Further, any increase in tariffs will be considered by the Authority after review of the ACS of the subsequent tariff years of the 2nd control period.

3. The chairperson again requested all the stakeholders to submit their written comments by 3rd March, 2017.

The Meeting ended with a vote of thanks to the chair.


(Puja Jindal)
(Secretary)

List of Participants:-

Airports Economic Regulatory Authority Of India

1. Shri. S. Machendranathan, Chairperson- in Chair
2. Shri. N. Shankar, Member
3. Shri S. Samanta, Member
4. Ms. Puja Jindal, Secretary
5. Shri P.C Jain, AGM (F)
6. Shri. Rajesh Khanna, AGM (F)
7. Shri. Mohit Kaushish, Manager (F)
8. Shri. Jaimon Sakaria, Manager (F)
9. Shri K. Narasimaha, Sr. Suptd.(F)

MABB

10. Shri K. V. Reddy, CEO
11. Shri B. Ratnakar, CFO

DACAAI

12. Shri Amit Gulati, President.
13. Shri R. P. Shukla, Secretary General.

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14. Shri Harsh Gulati, GM