

Order No. 21/2019-20

AERA Building,  
Administrative Complex,  
Safdarjung Airport,  
New Delhi – 110003.

Date of Issue: 17<sup>th</sup> Jan, 2020.

Service : Ground Handling Services.  
Service provider : Globe Ground India Private Limited (GGI).  
Airport : Kempegowda International Airport, Bengaluru.

**In the matter of Annual Tariff Proposal (ATP) for FY 2019-20 and FY 2020-21 for the second control period in respect of M/s Globe Ground India Private Limited (GGI) for providing Ground Handling Services at Kempegowda International Airport, Bengaluru.**

1. 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 28<sup>th</sup> 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 **31<sup>st</sup> 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 **1<sup>st</sup> Aug, 2018** through bidding process.
2. The Authority issued earlier CP no. 31/2018-19 dated 1<sup>st</sup> Feb, 2019, for determination of tariff of M/s GGI for FY2018-19 and FY2019-20. M/s GGI in view of new concession agreement entered with BIAL, wherein, the concession fee would be charged on the basis of AERA approved rates requested the Authority to approve Annual Tariff Proposal(ATP) based on Volume/no. of flights operated annually. The Authority vide their above CP No. 31/2018-19 even displayed the Annual Tariff Proposal (ATP) based on number of flights operated in a year/volume based as Annexure -IV for the reference of the stakeholders and their comments thereof. M/s Lufthansa was the only



stakeholder who has commented on the volume based ATP and supported the same.

3. The Authority in continuation of above mentioned Consultation Paper (CP) issued another CP no. 11/2019-20 dated 28<sup>th</sup> Nov,2019 as the existing rates levied by M/s GGI is incomparable with the projected volume based ATP so as to receive fresh comments from concerned stakeholders. Further the Authority observed that M/s GGI has not conducted the Stakeholder Consultation properly in accordance to AERA Guidelines and directed M/s GGI to conduct proper Stakeholder Consultation on the proposed volume based tariff by inviting all its Users and Trade Bodies/Associations within the timeframe/timeline allowed by the Authority for collection of comments on the Consultation Paper. In response, only M/s Business Aircraft Operators Association (BAOA) has commented on the above mentioned CP. M/s BAOA in their comments shown concern over higher Concession Fee (CF) charged by Airport Operator as the root cause of ever increasing Ground Handling Charges. Further, M/s BAOA has suggested an auto revision of (+)(-) 5% of the projected traffic to be considered by the Authority for determining the volume based tariff. In this regard, it is pertinent to mention that AERA vide its Order no. 1/2018-19 dated 5<sup>th</sup> April, 2018 has already capped the royalty to the maximum of 30% of the Annual Gross Revenue. It is conveyed that the "Concession Fee" paid to Airport Operator by the Independent Service Provider (ISP) is a matter of agreement between the two parties i.e. BIAL as the Airport Operator(AO) and GGI as an Independent Service Provider (ISP). However, AERA also evaluates the concession fee while determining the tariff. Further, as the Concession Fee (CF) paid by Independent Service Provider (ISP) is on negotiated terms with the Airport Operator and is confidential in nature, hence, the details are not mentioned in the above mentioned CP. However, if BAOA desires, they may get the information from M/s GGI. Further on the issue of auto revision of (+)(-) 5% of the projected traffic as suggested by BAOA, it is informed that the Authority determines/fixes maximum tariff to be charged by the ISP/AO.
4. The Authority vide Public Notice No. 16/2019-20 dated 26.12.2019 displayed the comments of BAOA for the reference of other concerned stakeholders. Further, the Authority enclosed the evidences of Stakeholder Consultation conducted by M/s GGI on the Volume Based Tariff Card for the reference of Concerned Stakeholders.
5. The Authority observed that M/s GGI has been awarded the license for Ground Handling services by BIAL for a second consecutive term at Kempegowda International Airport through bidding for a tenure of 10 years effective from 1<sup>st</sup> August,2018 to 31<sup>st</sup> July,2028. BIAL has started levying the concession fee to M/s GGI from 1<sup>st</sup> January, 2019.
6. The Authority observed that M/s GGI has conducted the Stakeholder consultation on the volume based ATP on 09.12.2019 and submitted the required evidence of Stakeholder Consultation in accordance to AERA Guidelines. Further it is observed that M/s GGI has addressed all the queries



of the stakeholders on the proposed ATP for FY2019-20 and FY2020-21. The Authority observed that none of the stakeholders has objected on the proposed volume based ATP.

7. The Authority observed that none of the Stakeholders has shown any objection on the proposed volume based ATP.
8. The Authority vide its earlier Order No. 11/2018-19 dated 28<sup>th</sup> May,2018 decided to determine tariff under “**Light Touch Approach**” for the entire Second Control Period.
9. The following parameters are observed by the Authority in the financials of M/s GGI:

Sl. No.	Performance report for the years	2016-17	2017-18	2018-19
1	Return on Average RAB	106%	117%	135%
2	profit margin	21%	20%	16%

The Authority observed that M/s GGI is earning reasonable profit in FY 2016-17 & FY2017-18 but primarily due to levy of concession fee by BIAL the profitability has dropped down to 16% in FY2018-19(concession fee levied from January 2019 till 31<sup>st</sup> March,2019 ).

10. The Authority observed that the existing rates levied by M/s GGI is incomparable with the projected volume based ATP and since M/s GGI itself has projected the Profit Margin for FY2019-20 and FY2020-21 to be around 22% (ref. CP no. 11/2019-20 dated 28<sup>th</sup> Nov, 2019), any excess revenue generated more than the revenue projected by M/s GGI would be deliberated/measured while determining tariff in Third Control Period (FY2021-22 to FY2025-26).

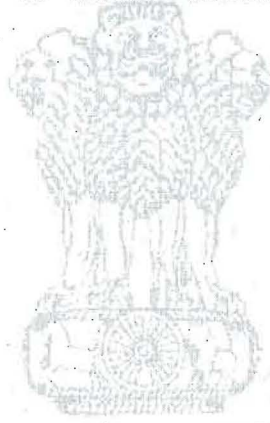
## **ORDER**

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

- (i) The Authority vide its Order No. 11/2018-19 dated 28<sup>th</sup> May,2019 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.
- (ii) In ref. to the para 5, 6 & 7 above, the Authority allows M/s GGI to charge tariff on volume based tariff from the date of issue tariff order to FY2020-21. The tariff card for the residual period of FY2019-20 to FY2020-21 is enclosed as “**Annexure A**”.



- (iii) Tariff determined as above will be the maximum tariff to be charged. No other charge is to be levied over and above the approved tariff.
- (iv) 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. M/s GGI should not handle any other ICAO Category aircraft for schedule/non-schedule airlines other than the mentioned code in the proposed tariff card.
- (v) M/s GGI should submit Annual Compliance Statements duly audited and conduct the Stakeholders consultation with the users on the proposed Annual Tariff Proposals (ATPs) in future before approaching AERA for tariff determination.



By the Order of and in the  
Name of the Authority

(Geetha Sahu)  
AGM (Finance)

To,

सत्यमेव जयते

M/s GlobeGround India Pvt. Ltd.  
E-9, Connaught House,  
Connaught Place,  
New Delhi-110001.

Copy to:- Secretary, Ministry of Civil Aviation, Rajiv Gandhi  
Bhawan, New Delhi – 110003.

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AERA



## AERA Approved Ceiling Rates from the date of issue of this Order to FY2020-21 (Second Control Period) for M/s GGI, Bengaluru.

## Passenger Flights

Category	FLIGHTS PER ANNUM	Ramp Service			Pax Service			Ramp + Pax service		
		Comprehensive	Partial	Basic	Comprehensive	Partial	Basic	Comprehensive	Partial	Basic
Category C	1 TO 400	65,735	58,778	32,368	32,944	18,033	13,872	98,679	76,811	46,239
	401 TO 800	64,421	57,602	31,720	32,285	17,673	13,594	96,705	75,275	45,315
	801 TO 1200	62,488	55,874	30,769	31,316	17,143	13,187	93,804	73,017	43,955
	1201 TO 1600	46,866	41,906	23,077	23,487	12,857	9,890	70,353	54,763	32,966
	1601 & above	44,523	18,439	10,154	10,334	5,657	4,352	54,857	24,096	14,505
Category D	1 TO 400	70,633	60,661	38,816	34,128	18,583	14,064	1,04,761	79,245	52,880
	401 TO 800	69,220	59,448	38,040	33,446	18,212	13,783	1,02,666	77,660	51,823
	801 TO 1200	67,836	58,259	37,279	32,777	17,847	13,507	1,00,612	76,106	50,786
	1201 TO 1600	66,479	57,094	36,534	32,121	17,491	13,237	98,600	74,584	49,771
	1601 & above	65,149	55,952	35,803	31,479	17,141	12,972	96,628	73,093	48,775
Category E	1 TO 400	1,95,885	1,26,026	96,943	85,094	54,011	41,547	2,80,979	1,80,036	1,38,490
	401 TO 800	1,92,947	1,19,724	92,096	83,817	51,310	39,470	2,76,764	1,71,035	1,31,565
	801 TO 1200	1,90,053	1,10,745	85,188	82,560	47,462	36,509	2,72,613	1,58,207	1,21,698
	1201 TO 1600	1,71,048	99,670	76,670	74,304	42,716	32,858	2,45,352	1,42,386	1,09,528
	1601 & above	1,53,943	89,703	69,003	66,874	38,444	29,573	2,20,817	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



Frighter Flights

Freighter 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

	FLIGHTS PER ANNUM	Ramp Service		
		Comprehensive	Partial	Basic
Category D	1 TO 400	1,84,932	1,77,535	92,466
	401 TO 800	1,75,685	1,14,195	87,843
	801 TO 1200	1,66,901	1,08,486	83,451
	1201 TO 1600	1,58,556	1,03,061	79,278
	1601 & above	1,55,385	1,01,000	77,692

	FLIGHTS PER ANNUM	Ramp Service		
		Comprehensive	Partial	Basic
Category E	1 TO 400	1,92,133	1,82,527	96,067
	401 TO 800	1,89,251	1,23,013	94,626
	801 TO 1200	1,86,413	1,21,168	93,206
	1201 TO 1600	1,71,500	1,11,475	85,750
	1601 & above	1,54,350	1,00,327	77,175

Transit Flights

	FLIGHTS PER ANNUM	Transit Service		
		Comprehensive	Partial	Basic
Category C	1 TO 400	50,616	33,744	26,995
	401 TO 800	49,604	33,069	26,455
	801 TO 1200	48,116	32,077	25,662
	1201 TO 1600	36,087	24,058	19,246
	1601 & above	15,878	10,585	8,468

	FLIGHTS PER ANNUM	Transit Service		
		Comprehensive	Partial	Basic
Category D	1 TO 400	1,38,699	88,767	36,986
	401 TO 800	1,35,925	86,992	36,247
	801 TO 1200	1,33,206	85,252	35,522
	1201 TO 1600	1,30,542	83,547	34,811
	1601 & above	1,27,931	81,876	34,115

	FLIGHTS PER ANNUM	Transit Service		
		Comprehensive	Partial	Basic
Category E	1 TO 400	1,44,100	96,067	76,853
	401 TO 800	1,36,895	91,263	73,011
	801 TO 1200	1,26,628	84,419	67,535
	1201 TO 1600	1,13,965	75,977	60,781
	1601 & above	1,02,569	68,379	54,703

NOTE

- 1 The above rates are inclusive of the concession fees.
- 2 GST shall apply on the above rates as applicable.
- 3 The slab for the airlines shall be based on :
  - a. Aircraft category
  - b. Annual flight frequencies
  - c. Type of service i.e. ramp or passenger or both along with combination like comprehensive, partial or basic services

