



Airports Economic Regulatory Authority of India

TO CONSIDER THE MULTI YEAR TARIFF PROPOSAL AND ANNUAL TARIFF PROPOSAL (FY.2016-17) FOR THE SECOND CONTROL PERIOD IN RESPECT OF M/s AIR INDIA SATS AIRPORT SERVICES PRIVATE LIMITED(AISATS) FOR PROVIDING GROUND HANDLING SERVICES AT KEMPEGOWDA INTERNATIONAL AIRPORT, BENGALURU.

New Delhi: 2nd Jan, 2017.

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

1. Brief Background:

1. M/s AISATS is one of the Ground Handling agencies appointed by Bangalore International Airport Ltd. (BIAL) for carrying out Ground Handling (GH) at Kempegowda International Airport, Bangalore. The Authority, vide its MYTO Order No. 23/2011-12 dated 29.09.2011, decided to adopt '**Light Touch Approach**' in respect of the AISATS for Ground Handling services at IGI Airport for determination of tariffs for the first control period. The Authority in line with the above mentioned MYTO order determined the Annual Tariff Proposal (ATP) for FY 2011-12. Subsequently, Authority's also determined the Annual tariff for FY 2012-13 vide order no. 18/2012-13 dated 11.09.2012 and later determined Annual tariff FY 2013-14, 2014-15 & 2015-16 vide its Order No. 28/2013-14, dated 10.07.2013. The Authority vide its Order No. 11/2016-17 dated 29.09.2016 extended the levy of tariffs as on 31.03.2016 up to 31.03.2017 or till the determination of tariffs for the second control period, whichever is earlier. The Authority vide its Order No. 19/2016-17 dated 31.03.2017 further extended the levy of tariffs as on 31.03.2016 up to 30.09.2017 or till the determination of tariffs for the second control period, whichever is earlier. The Authority vide its Order No. 12/2017-18 dated 29.09.2017 further extended the tariffs existing as on 31.03.2016, for a period of six months w.e.f. 01.10.2017 or till determination of tariffs for the Second Control Period whichever is earlier.

2. MYTP/ATP/ACS Submissions made by AISATS for 2nd control period.

2.1 M/s AISATS submitted their MYTP online on 18th March, 2016 and submitted the hardcopy of online Multi Year Tariff Proposal (MYTP) and Annual Tariff Proposal (ATP) for FY 2016-17 for second control period. M/s AISATS has sought an increase of 10% for FY 2016-17 in the tariff of Domestic Pax Flight. No increase proposed by AISATS for International Flights (**Annexure I**). M/s AISATS has submitted that the increase sought in tariff is to maintain sufficient buffer to counter for unforeseen charges in future and due to steep increase in the minimum wages. M/s AISATS has submitted the growth rates adopted in formulating the MYTP/ATP for second control period (**Annexure II**). M/s AISATS has also stated that

they are following management approved depreciation rates which are higher than the Companies Act, 2013 (**Annexure III**). M/s AISATS submitted the required Annual Compliance Statements (ACS) for the first control period (FY 2011-12 to FY2015-16) and for FY2016-17.(**Annexure-IV**).

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

3.1 The Authority vide its Order No. 12/2010-11 dated 10.01.2011 and Direction No. 04/2010-11 issued on 10.01.2011 finalized its approach in the matter of Regulatory Philosophy and Approach in Economic Regulation of the Services provided for Cargo Facility, Ground Handling and Supply of Fuel to the Aircraft at the major airports and issued 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 (“ the Guidelines”).

3.2 In accordance, to above mentioned AERA Guidelines and Directions the following procedure is followed:

a) Stage1: **Materiality:**

$$\text{Materiality Index (MIg)} = \frac{\text{International Aircraft Movement at BIAL Airport}}{\text{Total Intl.Aircraft Movement at major airports}} \times 100$$

The materiality index at Bengaluru Airport= 20845/330467

$$= 6.31\%$$

The percentage share of Ground Handling for Bangalore Airport, Bangalore for the FY 2014-15 is 6.31% which is more than 5% Materiality Index (MIg) for the above subject service. Hence the regulated service is deemed as ‘**material**’ for the second control period.

b) Stage 2: **Competition:** AERA on provisions of the National Civil Aviation Policy (NCAP- 2016), vide Order No. 15/2016-17 dated 12th Jan,2017 decided to consider three (3) Ground Handling Agencies (GHA) including Air India’s subsidiary/JV for competition assessment at all major airports. As per the information furnished by AISATS in

Form F1(b) on competition Assessment, M/s Globe Ground Industries (GGI) is other service provider which is rendering similar service at Hyderabad International Airport. Hence in the instance case, there are two Ground Handling service providers including AISATS, and therefore the service is deemed '**Non-competitive**'.

c) Stage 3:**Reasonableness of existing User Agreement(s)**: M/s AISATS has submitted the valid User Agreements for Bangalore Airport and on examination the following points are observed(**Annexure-V**):

- i) The User Agreements submitted by AISATS clearly indicate the tariffs agreed by both the parties.
- ii) Till date AERA has not received any complaints from users on the existing agreements with the service provider.

3.3 AISATS has not conducted the stakeholder consultation with the users on the proposed ATP for FY 2016-17 and vide email dated 02.10.2017 assured AERA that AISATS will comply/follow with the CGF Guidelines & Directions and submit the evidence of required stakeholder consultation in future.

4 Authority's Examination on the proposal.

4.1 The services rendered by AISATS for providing Ground Handling facility at Bangalore Airport 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 AISATS has submitted the Annual Compliance Statement (ACS) for the tariff years FY2011-12 to FY2016-17 and Annual Tariff Proposal (ATP) for FY. 2016-17. M/s AISATS has not submitted any evidence of stakeholder consultation meeting.

4.3 M/s AISATS revised its tariff card last in FY 2015-16 vide AERA order No. 28/2013-14 dated 10.07.2013 and the same tariff continued for FY 2016-17.

4.4 Based on the ACS submissions by AISATS a comparative scenario of revenue, cost and return on average RAB for the first control period is

prepared and annexed as “**Annexure-VI**”. The Authority observed the following parameters in the financials as submitted by AISATS:

- a) Return on Average RAB ranges from 110.00% to 1192.60% for the first Control Period. 33.71 % return on average RAB in FY 2015-16.
- b) The turnover/profit % ranges from 2% to 22% in the first control period. 2% turnover profit percent (%) earned in FY 2016-17.

5 Proposal

The Authority, after careful consideration of the MYTP and ATP for FY 2016-17, makes the following proposal for stakeholder consultation:

- 5.1 The service for Ground handling being provided by M/s AISATS Ground Handling Bangalore Pvt. Ltd. at Bangalore Airport, Bangalore is “**Material and Non-Competitive**”. Therefore the Authority examined the User Agreements as submitted by AISATS which are found to be reasonable and proposes to adopt ‘**Light Touch Approach**’ and not adopted the Price Cap/Cost Plus approach for determination of tariffs for the 2nd control period from 01.04.2016 to 31.03.2021 and accordingly proposes to issue the MYTO for the 2nd control period.
- 5.2 It is proposed to continue the levy of tariffs determined vide AERA Order no 28/2013-14 dated 10.07.2013 for FY 2015-16 at same level for the First Tariff Year (FY 2016-17), Second Tariff Year (FY2017-18) and Third Tariff Year(FY2018-19)(**Annexure-VII**).
- 5.3 Tariff determined as above will be maximum tariff to be charged. No other charge is to be levied over and above the approved tariff.
- 5.4 As regards to Non-Scheduled operations of scheduled operators, It is proposed that M/s AISATS should not exceed the tariff charges as approved by AERA for its scheduled operations for similar class of aircraft.
- 5.5 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.

- 5.6 The Authority welcomes written evidence-based feedback, comments and suggestions from stakeholders on the proposal made in para 5 above, latest by **22nd Jan, 2018** at the following address:

**Secretary,
Airports Economic Regulatory Authority of India,
AERA Building,
Administrative Complex,
Safdarjung Airport,
New Delhi- 110003
Email: puja.jindal@nic.in
Tel: 011-24695042
Fax: 011-24695039**

**S. Machendranathan
Chairperson**

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

S/N	Aircraft Types (ICAO Code)	Maximum Ground Handling Rate in INR			
		Scheduled Passenger Aircraft		Scheduled Freighter Aircraft	
		Domestic	International	Domestic	International
1	CODE B	14,641	37,268	NA	NA
2	CODE C	19,619	97,163	59,895	1,45,745
3	CODE D	31,391	1,46,410	1,03,818	1,61,051
4	CODE E	65,885	1,86,340	1,25,114	2,19,615
5	CODE F	1,17,128	2,63,538	1,70,235	3,16,246

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 1998 or 2004 or 2008 or 2013(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) 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.
- 4) All charges mentioned above exclude prevailing third party charges such as concession fee, royalty, airport levy charged by the Airport Authority at the time of submission.
- 5) All charges mentioned above exclude taxes which will be charged at the prevailing rates.
- 6) Exchange rate used for contracts signed in USD: 1 USD = 68 INR



Appendix 2

BANGALORE CH

Increase in % over previous year's figures

Sr. No.	Particulars	FY 2016-17 Tariff Year 1	FY 2017-18 Tariff Year 2	FY 2018-19 Tariff Year 3	FY 2019-20 Tariff Year 4	FY 2020-21 Tariff Year 5
i	Revenues from regulated services	2%	5%	3%	5%	5%
ii	Revenues from other than regulated services	5%	5%	5%	5%	5%
iii	Payroll cost		5%	5%	5%	5%
iv	Administrative and General		5%	5%	5%	5%
v	Concession fees		5%	5%	5%	5%
vi	Repair and Maintenance cost		5%	5%	5%	5%

BANGALORE GH

Increase in % over previous year's figures

Sr. No.	Particulars	FY 2016-17 Tariff Year 1	FY 2017-18 Tariff Year 2	FY 2018-19 Tariff Year 3	FY 2019-20 Tariff Year 4	FY 2020-21 Tariff Year 5
i	Revenues from regulated services	5%	5%	5%	5%	5%
ii	Revenues from other than regulated services	5%	5%	5%	5%	5%
iii	Payroll cost	5%	5%	5%	5%	5%
iv	Administrative and General	5%	5%	5%	5%	5%
v	Repair and Maintenance cost	5%	5%	5%	5%	5%

DELHI GH

Increase in % over previous year's figures

Sr. No.	Particulars	FY 2016-17 Tariff Year 1	FY 2017-18 Tariff Year 2	FY 2018-19 Tariff Year 3	FY 2019-20 Tariff Year 4	FY 2020-21 Tariff Year 5
i	Revenues from regulated services	6%	6%	6%	6%	6%
ii	Revenues from other than regulated services	5%	5%	5%	5%	5%
iii	Payroll cost	5%	5%	5%	5%	5%
iv	Administrative and General	5%	5%	5%	5%	5%
v	Concession fees	5%	5%	5%	5%	5%
vi	Repair and Maintenance cost	5%	5%	5%	5%	5%

Air India SATS Airport Services Private Limited

Correspondence Address

A 301, Business Square, Andheri – Kurla Road, Chakala, Andheri (East), Mumbai 400069, India

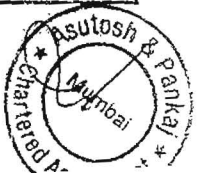
Appendix 3

Depreciation policy of the company

We are following management approved depreciation rates and since they are higher than as per Company Act, 2013; the rates are allowed.

Assets	No. of Years
Building	15
Computers	3
Furniture and Fittings	5 - 7
Plant & Machinery	3 - 6
Vehicle	7

Particulars		Actual for the Tariff Year under consideration	Forecast as per the Multi Year Tariff Order
Total Revenue from Regulated Service	(1)	69,41,66,596	57,11,75,137
Total Revenue from services other than Regulated Service	(2)	-	1,30,31,245
Operating Expenditure	(3)	53,79,57,084	52,80,97,080
Depreciation	(4)	40,27,453	1,34,96,978
Total Expenditure	(3) + (4) = (5)	54,19,84,537	54,15,94,058
Regulatory Operating Profit	(1) - (5) = (6)	15,21,82,059	2,95,81,079
Capital Expenditure	(7)	62,16,045	2,00,00,000
Opening RAB	(8)	1,16,66,553	1,91,49,878
Disposals / Transfers	(9)	-	-
Closing RAB	(7)+(8)-(9)-(4)=(10)	1,38,55,145	2,56,52,900
Average RAB	[(8)+(10)]/2 = (11)	1,27,60,849	2,24,01,389
Return on Average RAB	(6) / (11)	11.93	1.32
Total Volume	(12)	33,562	25,892
Average Yeild per Unit	(1)/(12)	20,683	22,060



Form F16 - Performance Report for the Tariff Year 2012- 13

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Particulars		Actual for the Tariff Year under consideration	Forecast as per the Multi Year Tariff Order
Total Revenue from Regulated Service	(1)	59,03,89,224	61,42,59,465
Total Revenue from services other than Regulated Service	(2)	36,71,385	1,30,96,401
Operating Expenditure	(3)	53,36,33,928	57,06,39,261
Depreciation	(4)	59,24,541	1,19,25,922
Total Expenditure	(3) + (4) = (5)	53,95,58,469	58,25,65,183
Regulatory Operating Profit	(1) - (5) = (6)	5,08,30,755	3,16,94,282
Capital Expenditure	(7)	3,52,31,004	1,50,00,000
Opening RAB	(8)	1,38,55,145	2,56,52,900
Disposals / Transfers	(9)	-	-
Closing RAB	(7)+(8)-(9)-(4)=(10)	4,31,61,608	2,87,26,978
Average RAB	[(8)+(10)]/2 = (11)	2,85,08,377	2,71,89,939
Return on Average RAB	(6) / (11)	1.78	1.17
Total Volume	(12)	37,406	27,034
Average Yeild per Unit	(1)/(12)	15,783	22,721



Form F16 - Performance Report for the Tariff Year 2013 - 14

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Particulars		Actual for the Tariff Year under consideration	Forecast as per the Multi Year Tariff Order
Total Revenue from Regulated Service	(1)	68,06,34,979	66,06,33,246
Total Revenue from services other than Regulated Service	(2)	17,38,045	1,31,61,883
Operating Expenditure	(3)	49,09,36,010	61,66,14,257
Depreciation	(4)	1,65,49,491	1,46,80,806
Total Expenditure	(3) + (4) = (5)	50,74,85,501	63,12,95,063
Regulatory Operating Profit	(1) - (5) = (6)	17,31,49,478	2,93,38,182
Capital Expenditure	(7)	7,35,16,799	2,00,00,000
Opening RAB	(8)	4,31,61,608	2,87,26,978
Disposals / Transfers	(9)	-	-
Closing RAB	(7)+(8)-(9)-(4)=(10)	10,01,28,916	3,40,46,172
Average RAB	[(8)+(10)]/2 = (11)	7,16,45,262	3,13,86,575
Return on Average RAB	(6) / (11)	2.42	0.93
Total Volume	(12)	11,582	28,229
Average Yeild per Unit	(1)/(12)	58,767	23,403



Form F16 - Performance Report for the Tariff Year 2014 - 15

Particulars		Actual for the Tariff Year under consideration	Forecast as per the Multi Year Tariff Order
Total Revenue from Regulated Service	(1)	74,88,61,766	71,05,51,055
Total Revenue from services other than Regulated Service	(2)	13,42,064	1,32,27,692
Operating Expenditure	(3)	57,37,97,653	66,62,94,586
Depreciation	(4)	2,00,41,605	1,43,47,473
Total Expenditure	(3) + (4) = (5)	59,38,39,258	68,06,42,059
Regulatory Operating Profit	(1) - (5) = (6)	15,50,22,508	2,99,08,996
Capital Expenditure	(7)	10,40,77,492	1,50,00,000
Opening RAB	(8)	10,01,30,578	3,40,46,172
Disposals / Transfers	(9)		
Closing RAB	(7)+(8)-(9)=(10)	18,41,66,466	3,46,98,699
Average RAB	[(8)+(10)]/2 = (11)	14,23,48,522	3,43,72,436
Return on Average RAB	(6) / (11)	1.09	0.87
Total Volume	(12)	15,842	29,477
Average Yield per Unit	(1)/(12)	47,271	24,105





ASUTOSH & PANKAJ
Partner

Location: Bangalore Ground Handling

Form F16 - Performance Report for the Tariff Year 2015 - 16

Particulars		Actual for the Tariff Year under consideration	Forecast as per the Multi Year Tariff Order
Total Revenue from Regulated Service	(1)	71,56,98,648	76,38,39,001
Total Revenue from services other than Regulated Service	(2)	1,67,47,571	1,08,5,882
Operating Expenditure	(3)	63,05,13,899	58,49,90,582
Depreciation	(4)	3,63,78,892	2,20,45,765
Total Expenditure	(3) + (4) = (5)	66,68,92,791	60,70,36,347
Regulatory Operating Profit	(1) - (5) = (6)	4,88,05,857	15,68,02,654
Capital Expenditure	(7)	5,69,23,398	1,19,42,621
Opening RAB	(8)	18,41,66,465	18,67,98,669
Disposals / Transfers	(9)		
Closing RAB	(7)+(8)-(9)=(10)	20,47,10,971	17,66,95,525
Average RAB	[(8)+(10)]/2 = (11)	19,44,38,718	18,17,47,097
Return on Average RAB	(6) / (11)	0.25	0.86
Total Volume <i>(no. of flight)</i>	(12)	15,182	31,841
Average Yield per Unit	(1)/(12)	47,141	23,989

Form F16 - Performance Report for the Tariff Year 2015 - 16

Particulars		Actual for the Tariff Year under consideration	Forecast as per the Multi Year Tariff Order
Total Revenue from Regulated Service	(1)	73,61,36,684	78,63,04,854
Total Revenue from services other than Regulated Service	(2)	42,89,918	11,17,820
Operating Expenditure	(3)	68,01,28,052	60,21,96,187
Depreciation	(4)	4,47,36,913	2,45,01,751
Total Expenditure	(3) + (4) = (5)	72,48,64,965	62,66,97,938
Regulatory Operating Profit	(1) - (5) = (6)	1,12,71,720	15,96,06,916
Capital Expenditure	(7)	5,34,69,396	2,00,00,000
Opening RAB	(8)	20,47,10,971	18,67,98,670
Disposals / Transfers	(9)	-	-
Closing RAB	(7)+(8)-(9)=(10)	21,34,43,454	18,22,96,919
Average RAB	[(8)+(10)]/2 = (11)	20,90,77,213	18,45,47,794
Return on Average RAB	(6) / (11)	0.05	0.86
Total Volume	(12)	15,097	32,937
Average Yield per Unit	(1)/(12)	48,760	23,873



STRICTLY CONFIDENTIAL

**STANDARD GROUND HANDLING AGREEMENT
(SIMPLIFIED PROCEDURE)**

ANNEX B - LOCATION(S), AGREED SERVICES AND CHARGES

To the Standard Ground Handling Agreement (SGHA) of January 2008

Between: **ETIHAD AIRWAYS PJSC**

having its principal office at:
P.O. Box 35566, New Airport Road,
Abu Dhabi, United Arab Emirates.

hereinafter referred to as "the Carrier"

And: **Air India SATS Airport Services Private Limited**

having its Corporate office at:

B-1101&1102 Lotus Corporate Park,
Off. Western Express Highway,
Goregaon (East), Mumbai 400 063
India

hereinafter referred to as "the Handling Company"

the Carrier and/or the Handling Company may hereinafter be referred to as "the Party(ies)"

This Annex B 1.1

for the location: Bengaluru (BLR), Delhi (DEL), Hyderabad (HYD), Trivandrum (TRV)

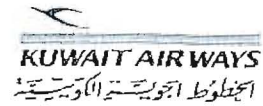
is valid from: 01 April 2015 for BLR, DEL, TRV
01 May 2015 for HYD

and replaces: Annex B (BLR; effective from 1 January 2011), Annex B1.0 (DEL; effective from 1 January 2011), Annex B1.0 (TRV; effective from 1 June 2013)

PREAMBLE:

This Annex B is prepared in accordance with the simplified procedure whereby the Parties agree that the terms of the Main Agreement and Annex A of the SGHA of January 2008 as published by the International Air Transport Association shall apply to this Annex B as if such terms were repeated here in full. By signing this Annex B, the Parties confirm that they are familiar with the aforementioned Main Agreement and Annex A.

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- Regulatory approval as applicable.
- In-depth training on requirements, including procedures and operating practices associated with specific job functions and responsibilities.
- Safety training on hazards associated with Ground Handling operations.
- Dangerous Goods training in accordance with applicable requirement of the State and/or requirement of current edition of the IATA DGR. Such training programme shall include awareness and recognition of undeclared dangerous goods for applicable Ground Handling personnel.
- Recurrent training at an interval not to exceed 24 months from the date of previous training.
- A process of qualification through written, oral and/or practical evaluation.

12.6 The Handling Company shall ensure that the ground support equipment used for providing ground handling service to the Carrier, are suitable for the specified services and have a preventive maintenance programme established with a system for recording all maintenance completed on ground support equipment.

PARAGRAPH 13 – GOVERNING LAW

13.1 This Agreement shall be construed in accordance with and governed by the laws of India and in the event of any dispute the competent courts of India shall have exclusive jurisdiction.

IN WITNESS WHEREOF, the parties hereof have executed this Annex B in original duplicate by their duly authorized representatives as of the date first appearing above.

Signed the 25th of August, 2015

Signed the 27/8/2015

At Mumbai

At Kuwait

for and on behalf of

for and on behalf of

**Air India SATS
Airport Services Pvt. Ltd.**

Kuwait Airways

Signed by: *[Signature]*

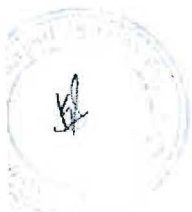
Signed by: *Christine Alwazzan*
[Signature]

Chief Executive Officer

for/ Director Ground Handling

Date: 25th of August, 2015

Date: 27/8/2015



[Handwritten initials]
Sats
CW

STANDARD GROUND HANDLING AGREEMENT
(SIMPLIFIED PROCEDURE)

ANNEX B1.2 LOCATION, AGREED SERVICES AND CHARGES to the Standard Ground Handling Agreement (SGHA) of January 2008

Between : TIGER AIRWAYS SINGAPORE PRIVATE LIMITED
Having its registered office at:
17 Changi Business Park Central 1
#04-06/09 Honeywell Building
Changi Business Park
Singapore 486073

(Hereinafter referred to as "The Carrier")

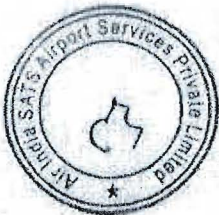
And : AIR INDIA SATS AIRPORT SERVICES PRIVATE LIMITED

A-301 Business Square
Andheri – Kurla Road
Chakala, Andheri (East)
Mumbai 400069
India
(Hereinafter referred to as "The Handling Company")

(the Carrier and the Handling Company each, a "Party" and collectively, the "Parties")

This Annex : B1.2
for the location : Bangalore (BLR), India
Is valid from : 01 January 2014
And replaces : Annex B1.1 & Annex B2.0

PREAMBLE : This Annex B1.2 is prepared in accordance with the simplified procedures whereby the Carrier and the Handling Company agree that the terms of the Main Agreement and Annex A of the SGHA of January 2008 as published by the International Air Transport Association shall apply as if such terms were repeated here in full. By signing this Annex B1.2, the Parties confirm that they are familiar with the aforementioned Main Agreement and Annex A.



PARAGRAPH 18 – CORPORATE, SOCIAL AND ENVIRONMENTAL RESPONSIBILITY CODE OF CONDUCT

18.1 In performing its obligations under this Agreement, the Handling Company shall comply and shall procure that each of its employees, agents and subcontractors comply at all relevant times with the Carrier’s Corporate, Social and Environmental Responsibility Code of Conduct, as published on the Carrier’s website (currently at www.cathaypacific.com) which may be amended from time to time. For the purpose of ensuring that the Handling Company is complying, the Handling Company shall as reasonably requested by the Carrier from time to time allow the Carrier to inspect the services accordingly. The Handling Company shall notify the Carrier as soon as reasonably practicable if it becomes aware that performance of its obligations under this Agreement may breach such Code of Conduct and shall promptly provide the Carrier with a corrective action plan to be implemented within a specific time period agreed by the Handling Company and the Carrier. If the Handling Company fails to comply with the corrective action plan, then the Carrier may by written notice terminate this Agreement.

PARAGRAPH 19 – FAIR PRACTICES

19.1 Notwithstanding Sub-Article 2.2 of the Main Agreement, the Carrier reserves the right to share all the information contained in this Annex with its subsidiary company, Hong Kong Dragon Airlines Limited.

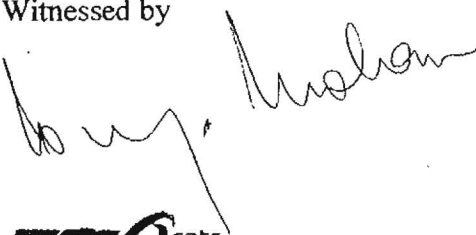

Signed the
At Bangalore

For and on behalf of
Air India SATS Airport
Services Private Limited

By 


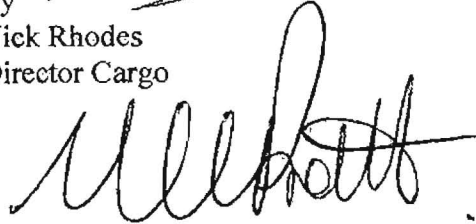
KWA TJUN KYET
Senior Vice President
Air India Sats -Cargo
BIAL

Witnessed by



Ms. DIVYA MOHAN
Vice-President GH/Cargo

Signed the
At Hong Kong

For and on behalf of
Cathay Pacific Airways Limited

By 
Nick Rhodes
Director Cargo


Witnessed by
Michael Pratt
Manager Purchasing



Annual Compliance for the tariff year
AISATS, BIAL
Service : Ground Handling Services

[Rs. In lakhs.]

Sl No	Particulars Performance Report for the years	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17
		Actual	Actual	Actual	Actual	Actual	Actual
1	Revenue:						
1.1	Regulated Services-Ground Handling	6941.66	5903.89	6806.34	7488.61	7156.98	7361.36
1.2	-Cargo Handling						
	Other Regulated Services	0.00	36.71	17.38	13.42	167.47	42.89
1.3	Other than Regulated Services						
	A Total Revenue	6941.66	5940.60	6823.72	7502.03	7324.45	7404.25
2	Expenditure:						
2.1	Operating Expenditure	5379.57	5336.33	4909.36	5737.97	6305.13	6801.28
2.2	Depreciation	40.27	59.24	165.49	200.41	363.78	447.36
	A Total Expenditure	5419.84	5395.57	5074.85	5938.38	6668.91	7248.64
3	Regulatory Operating Profit	1521.82	545.03	1748.87	1563.65	655.54	155.61
4	CAPEX						
4.1	Opening RAB	116.66	138.55	431.61	1001.3	1841.66	2047.11
4.2	Capital Expenditure	62.16	352.31	735.16	1040.77	569.23	534.69
4.3	Disposals /Transfers	0.00	0.00	0.00			0.00
4.4	Deprication	40.27	59.24	165.49	200.41	363.78	447.36
4.5	closing RAB	138.55	431.62	1001.28	1841.66	2047.11	2134.44
4.6	Average RAB{(4.1+4.5)/2}	127.61	285.09	716.45	1421.48	1944.39	2090.78
5	Return on Average RAB (3/4.6)	1192.60%	191.18%	244.10%	110.00%	33.71%	7.44%
	Profit Margin	22%	9%	26%	21%	9%	2%
6	B Total Volume (MT)	33562	37406	11582	15842	15182	15097
7	Actual Yield Per Unit (A/B)	20683	15881	58917	47355	48244	49045

Annexure-VII

Maximum rates to be paid by Schedule/Non-schedule Airlines for comprehensive ground handling at Bangalore Airport.

S. No.	Aircraft types	FY2017-18 & FY 2018-19			
		Schedule Aircraft			
	(ICAO Code)	Pax+Ramp		Cargo Ramp Handling	
		Domestic Flight	International Flight	Domestic Flight	International Flight
1	Code B	13310	37268	NA	NA
2	Code C	17835	97163	59895	145745
3	Code D	28537	146410	103818	161051
4	Code E	59895	186340	125114	219615
5	Code F	106480	263538	170235	316246

Note:

- 1) All Charges mentioned above are maximum and inclusive of existing concession fee,royalty,airport levy charged by the Airport Operator.
- 2) All charges mentioned above exclude taxes which will be charged at the prevailing rates.