



सत्यमेव जयते

**Airports Economic Regulatory Authority of India**

**TO CONSIDER THE ANNUAL TARIFF PROPOSAL FOR FY2019-20 AND FY2020-21 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: 28<sup>th</sup> Nov, 2019.**

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

## 1. Brief Background:

- 1.1 This Consultation Paper (CP) is issued in continuation to the earlier CP no. 31/2018-19 dated 1<sup>st</sup> Feb,2019, issued by the Authority for determination of tariff of M/s GGI for FY2018-19 and FY2019-20. The Authority in the above mentioned CP proposed that due to good Return on RAB and good Profit Margin earned in FY2016-17 & FY2017-18, M/s GGI should be allowed to charge the existing tariff for residual period of FY2018-19 & FY2019-20. The Authority further proposed that the determination of tariff for FY2020-21 would be based on the actuals submitted by M/s GGI. 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 above mentioned CP, 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. Since, M/s GGI has not conducted the stakeholder consultation on the volume based tariff card/chart, the Authority in the above CP No. 31/2018-19 proposed that M/s GGI should continue with existing rates for FY2018-19 and FY2019-20 (old tariff card). M/s GGI Subsequent to the issue of CP, requested the Authority to permit/allow sometime to conduct the Stakeholder Consultation on the Volume based tariff Card. Subsequently, M/s GGI vide their letter dated 16.04.2019 submitted the evidence/minutes of Stakeholder Consultation with its users. On scrutiny of the minutes of Stakeholder Meeting and Attendance sheet, it was observed that M/s GGI has conducted meeting only with Airlines (Users) and none of the Trade Bodies or Airline Association has attended the Stakeholder Consultation.
- 1.2 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.

- 1.3 Subsequent to the release of CP no. 31/2018-19 dated 1<sup>st</sup> Feb, 2019, issued by the Authority for determination of tariff of M/s GGI for FY2018-19 and FY2019-20 M/s GGI vide their letter dated 6<sup>th</sup> Nov, 2019 submitted the audited ACS for FY2018-19(**Annexure I**). M/s GGI vide their letter dated 03.07.2019 submitted a comparative statement of the revenue forecast/projection generated vide revised volume based tariff card and revenue forecast with existing tariff rates for FY2019-20 and FY2020-21 (**Annexure II**).

## **2. Authority's Examination on the proposal.**

- 2.1 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 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.
- 2.2 The Authority observed that the existing rates levied by M/s GGI is incomparable with the projected volume based ATP and decided to float revised CP to collect 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 direct 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 this Consultation Paper.
- 2.3 Based on the ACS submission by GGI a comparative scenario of revenue, cost and return on average RAB for FY2016-17,FY2017-18 & FY2018-19 is tabulated below

Sl. No.	Performance report for the years	2016-17	2017-18	2018-19
1	<b>Regulated revenue:</b>			
2	Revenue from Regulated Service	64.32	62.09	70.27
3	Other than Regulated Services	0	0	0.77
4	Total Revenue{(1)+(3)}	64.32	62.09	71.04
	<b>Expenditure</b>			
5	Operating Expenditure	48.39	48.56	58.4
6	Depreciation	2.16	1.20	1.24
7	Total Expenditure{(5)+(6)}	50.55	49.76	59.64
8	Operating Profit{(4)-(7)}	13.77	12.33	11.40
9	Capital Expenditure	2.87	0.07	0.83
10	Opening RAB	13.28	12.74	8.40
11	Disposals/ Transfers/depreciation	3.42	4.41	0.78
13	Closing RAB{(9+10-11-12)}	12.73	8.40	8.45
14	Average RAB{(10+13)/2}	13.01	10.57	8.42

15	Return on Average RAB $\frac{8}{14}$	106%	117%	135%
16	profit margin $\frac{8}{4}$	21%	20%	16%
17	Total Volume(MT)	23,576	23878	19367

2.4 The following parameters are observed by the Authority on the above mentioned tabular column:

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%

2.5 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 been dropped down to 16%.

2.6 Ref. to CP no. 31/2018-19 dated 1<sup>st</sup> Feb, 2019, The Authority observed that 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 operations in a year by the Airline.

2.7 The Authority observed that M/s GGI has not conducted systematically/properly the stakeholder consultation with its users and trade bodies wherein the proposed ATP for FY2019-20 and FY2020-21 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.

### 3 **Proposal**

The Authority, after careful consideration of the volume based ATP submitted for FY2019-20 and FY2020-21 for Second Control Period, makes the following proposal for stakeholder consultation:

3.1 The Authority in accordance to the provisions of Chapter V of the AERA Guidelines vide its Order No. 11/2018-19 dated 28<sup>th</sup> 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 2<sup>nd</sup> control period.

- 3.2** 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.
- 3.3** Since M/s GGI has not conducted the stakeholder consultation with its Users and Trade Bodies properly on the revised ATP (**Annexure-III**) which is based on the volume/no of flights operated by the airline, the same is displayed/Annexed for collection of comments, views and suggestions from the concerned stakeholders. The Authority will issue the final order based on the revised ATP (volume based) only after considering the written comments/observations of the stakeholders. Further the Authority observed that M/s GGI has not conducted the Stakeholder Consultation properly in accordance to AERA Guidelines and direct 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 this Consultation Paper. In addition to this Consultation Paper, all the facts and figures mentioned in earlier issued CP no. 31/2018-19 dated 1<sup>st</sup> Feb, 2019 remains same.
- 3.4** Tariff determined as above will be maximum tariff to be charged. No other charge is to be levied over and above the approved tariff.
- 3.5** 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.
- 3.6** 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.
- 3.7** The Authority welcomes written evidence-based feedback, comments and suggestions from stakeholders on the proposal made in para 5 above, latest by **10<sup>th</sup> Dec, 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**

**Balwinder Singh Bhullar  
Chairperson**

beGround India Private Limited

Form 16 : Performance Report for the Tariff Years  
Bangalore Station

Particulars	Actual (Audited) 2018 19	Forecasted Figure 2018-19	Actual (Audited) 2017 18	Forecasted Figure 2017-18
Total Revenue from Regulated Services (1)	702,703,736	785,190,449	620,914,561	622,870,417
Total Revenue from Services other than Regulated Services (2)				
Operating Expenditure (3)	584,027,268	633,880,463	485,669,035	483,349,927
Depreciation (4)	12,417,092	48,969,288	12,039,596	19,828,230
Total Expenditure (3) + (4) = (5)	596,444,359	682,849,751	497,708,631	503,178,157
Regulated Operating Profit (1) + (2) - (5) = (6)	106,259,377	102,340,698	123,205,930	119,692,260
Capital Expenditure (7)	8,389,263	729,830,858	679,826	638,326
Opening RAB (8)	83,891,676	76,298,988	127,407,765	225,982,649
Disposals/ Transfers/Depreciation/Adjustment(9)	7,873,787	48,969,288	44,195,915	52,221,995
Closing RAB (8) + (7) - (9) = (10)	84,407,153	757,160,558	83,891,676	76,298,988
Average RAB (8) + (10)/2 = (11)	84,149,415	416,729,773	105,649,721	151,140,819
Return on Average RAB (6)/(11)	1.26	0.25	1.17	0.79
Total Volume (Cargo /Fuel throughput/ATM) (12)	19,367	25,019	23,878	23,878
Actual Yield per unit (12/1)	36,284	31,384	26,004	26,086

Tariff year commence on 1st April to 31st March

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

" Actual figures given in this Annual Compliance statement for the tariff years 2018-19 and 2017-18 have been taken from the audited financial statements. 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

FRN.12491N

*Shailender Kumar Bajaj*



(Shailender K. Bajaj)

M.No. 091615

(UIDIN : 1909161SAAAAWS7145)

Date : 05/11/2019

Place : New Delhi

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Estimated Revenue & Estimated Expenses  
For 2019-20 & 2020-21

**GlobalGround India Private Limited**  
**P&L Reconciliation Statement for the Tariff Year**  
**Bangalore Station**

S.No.	Particulars	Actual (Provision) 2018-19	FY2019-20		FY 20-21	
			Estimated FY 2019-20 (as per Volumn Based Rate Tariff Proposal)	Estimated FY 2019-20 (as per Actual prevailing Rate Tariff Proposal)	Estimated FY 2020-21 (as per Volumn Based Rate Tariff Proposal)	Estimated FY 2020-21 (as per Actual prevailing Rate Tariff Proposal)
1	<b>Revenue</b>					
	- Revenue from Regulated Services	702,355,003	1,000,042,188	800,803,509	1,000,042,188	820,734,207
	- Revenue from Services other than Regulated Services	31,342,803	32,444,753	32,444,753	37,436,253	37,436,253
2	<b>Operating Expenditure</b>					
	- Payroll Expenses	373,903,293	403,424,247	403,424,247	423,595,459	423,595,459
	- Administrative and General cost	208,159,816	191,074,654	191,074,654	195,750,305	195,750,305
	- Utilities and outsourcing Costs					
	- Repair & Maintenance Costs					
	- Concession Fees					
3	<b>Profit before Depreciation , Interest and Taxation</b>	151,634,697	254,422,112	82,691,983	234,566,749	80,458,485
	Depreciation and Amortisation	12,038,956	59,538,956	59,538,956	59,538,956	59,538,956
4	<b>Profit before Interest and Taxation (PBIT)</b>	139,595,741	194,883,156	23,153,027	175,027,793	20,919,529
	Total Interest and Finance Charges	2,039,523	39,966,667	39,966,667	31,166,667	31,166,667
5	<b>Profit/Loss before tax</b>	137,556,218	154,916,489	(16,813,639)	143,861,126	(10,247,137)
	Provisions for Taxation	37,635,097	43,903,333	-	41,428,161	-
6	<b>Profit/ (Loss) after taxation</b>	99,921,121	111,013,156	(16,813,639)	102,432,965	(10,247,137)
7	<b>Balance Carried to Balance Sheet</b>	832,575,994	943,589,150	815,762,354	1,046,022,115	805,515,217
	- Adjustments to reconcile as per statutory accounts					
8	<b>Operating profit as per statutory accounts</b>	99,921,121	111,013,156	(16,813,639)	102,432,965	(10,247,137)

Tariff year commence on 1st April to 31st March





GLOBEGROUND INDIA PRIVATE LIMITED  
AERA Filing Rate Sheet

Passenger Flights

Category C	FLIGHTS PER ANNUM	Ramp Service			Pax Service		
		Comprehensive	Partial	Basic	Comprehensive	Partial	Basic
	1 TO 400	65,735	58,778	32,368	32,944	18,033	13,872
	401 TO 800	64,421	57,602	31,720	32,285	17,673	13,594
	801 TO 1200	62,488	55,874	30,769	31,316	17,143	13,187
	1201 TO 1600	46,866	41,906	23,077	23,487	12,857	9,890
	1601 & above	44,523	18,439	10,154	10,334	5,657	4,352

Ramp + Pax service		
Comprehensive	Partial	Basic
98,679	76,811	46,239
96,705	75,275	45,315
93,804	73,017	43,955
70,353	54,763	32,966
54,857	24,096	14,505

Category D	FLIGHTS PER ANNUM	Ramp Service			Pax Service		
		Comprehensive	Partial	Basic	Comprehensive	Partial	Basic
	1 TO 400	70,633	60,661	38,816	34,128	18,583	14,064
	401 TO 800	69,220	59,448	38,040	33,446	18,212	13,783
	801 TO 1200	67,836	58,259	37,279	32,777	17,847	13,507
	1201 TO 1600	66,479	57,094	36,534	32,121	17,491	13,237
	1601 & above	65,149	55,952	35,803	31,479	17,141	12,972

Ramp + Pax service		
Comprehensive	Partial	Basic
104,761	79,245	52,880
102,666	77,660	51,823
100,612	76,106	50,786
98,600	74,584	49,771
96,628	73,093	48,775

Category E	FLIGHTS PER ANNUM	Ramp Service			Pax Service		
		Comprehensive	Partial	Basic	Comprehensive	Partial	Basic
	1 TO 400	195,885	126,026	96,943	85,094	54,011	41,547
	401 TO 800	192,947	119,724	92,096	83,817	51,310	39,470
	801 TO 1200	190,053	110,745	85,188	82,560	47,462	36,509
	1201 TO 1600	171,048	99,670	76,670	74,304	42,716	32,858
	1601 & above	153,943	89,703	69,003	66,874	38,444	29,573

Ramp + Pax service		
Comprehensive	Partial	Basic
280,979	180,036	138,490
276,764	171,035	131,565
272,613	158,207	121,698
245,352	142,386	109,528
220,817	128,148	98,575

Category F	FLIGHTS PER ANNUM	Ramp Service			Pax Service		
		Comprehensive	Partial	Basic	Comprehensive	Partial	Basic
	1 TO 400	288,489	187,518	144,244	123,638	80,365	61,819
	401 TO 800	274,064	178,142	137,032	117,456	76,346	58,728
	801 TO 1200	260,961	169,235	130,181	111,583	72,529	55,792
	1201 TO 1600	240,834	156,542	120,417	103,215	67,089	51,607
	1601 & above	216,751	140,888	108,375	92,893	60,381	46,447

Ramp + Pax service		
Comprehensive	Partial	Basic
412,127	267,882	206,063
391,520	254,488	195,760
371,944	241,764	185,972
344,049	223,632	172,024
309,644	201,268	154,822

Fighter Flights

Freighter Flights

Category C	FLIGHTS PER ANNUM	Ramp Service		
		Comprehensive	Partial	Basic
	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

Transit Flights

Category C	FLIGHTS PER ANNUM	Transit Service		
		Comprehensive	Partial	Basic
	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

Category D	FLIGHTS PER ANNUM	Ramp Service		
		Comprehensive	Partial	Basic
	1 TO 400	184,932	177,535	92,466
	401 TO 800	175,685	114,195	87,843
	801 TO 1200	166,901	108,486	83,451
	1201 TO 1600	158,556	103,061	79,278
	1601 & above	155,385	101,000	77,692

Category D	FLIGHTS PER ANNUM	Transit Service		
		Comprehensive	Partial	Basic
	1 TO 400	138,699	88,767	36,986
	401 TO 800	135,925	86,992	36,247
	801 TO 1200	133,206	85,252	35,522
	1201 TO 1600	130,542	83,547	34,811
	1601 & above	127,931	81,876	34,115

Category E	FLIGHTS PER ANNUM	Slab Nos	Ramp Service		
			Comprehensive	Partial	Basic
	1 TO 400	1.00	192,133	182,527	96,067
	401 TO 800	2.00	189,251	123,013	94,626
	801 TO 1200	3.00	186,413	121,168	93,206
	1201 TO 1600	4.00	171,500	111,475	85,750
	1601 & above	5.00	154,950	100,327	77,175

Category E	FLIGHTS PER ANNUM	Slab Nos	Transit Service		
			Comprehensive	Partial	Basic
	1 TO 400	1.00	144,100	96,067	76,853
	401 TO 800	2.00	136,895	91,263	73,011
	801 TO 1200	3.00	126,628	84,419	67,535
	1201 TO 1600	4.00	113,965	75,977	60,781
	1601 & above	5.00	102,569	68,379	54,703

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 exchange rate at the time of filing the tariff with AERA
  - 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.