

Airports Economic Regulatory Authority of India

Order No. 24/2019-20

**AERA Building,
Administrative Complex,
Safdarjung Airport,
New Delhi - 110003**

Date of Issue: 17th February, 2020

**Service : Ground Handling Services.
Service Provider : M/s Celebi NAS Airport Services India Pvt. Ltd. (Celebi NAS).
Airport : Chhatrapati Shivaji Maharaj International Airport, Mumbai.**

In the matter of Multi Year Tariff Proposal (MYTP) and Annual Tariff Proposal (ATP) (T4 and T5) for the second control period (01.04.2016 to 31.03.2021) in respect of M/s Celebi NAS Airport Services India Pvt. Ltd for providing Ground Handling Service at CSMI Airport, Mumbai.

1. M/s Celebi NAS Airport Services India Pvt. Ltd (Celebi NAS) is providing Ground Handling services at Chhatrapati Shivaji Maharaj International (CSMI) Mumbai Airport since 2009. The Authority vide its Multi-Year Tariff Order (MYTO) No. 16/2011-12 dated 17.10.2011, had decided to adopt "Light Touch Approach" for determination of the tariffs for the first control period as the service was assessed as "Material but Competitive". The Authority, further vide its Order no. 33/2012-13 dated 21.01.2013 determined tariff for the 1st tariff year and 2nd Tariff year of the 1st control period at Chhatrapati Shivaji Maharaj International Airport, Mumbai. Subsequently, the Authority vide its order no. 11/2013-14 dated 01.06.2013 determined the annual tariffs for 3rd tariff year. The Authority vide its Order No. 16/2014-15 dated 31.01.2015 and Order No. 38/2015-16 dated 04.11.2015 also determined the tariffs for the 4th and 5th tariff years of the 1st control period respectively.
2. The Authority vide Order No. 41/2017-18 dated 27.03.2018 adopted "Light Touch Approach" for determination of tariff in respect of M/s Celebi NAS for its Ground Handling Services at CSMI Airport, Mumbai during the 2nd Control Period w.e.f 01.04.2016 to 31.03.2021 as the service was assessed as "Material but Competitive". In the same order, the Authority also determined the tariff for (FY 2016-17) 1st tariff year, (FY 2017-18) 2nd tariff year and (FY 2018-19) 3rd tariff year of the 2nd Control Period. To avoid any regulatory vacuum, the Authority, vide interim Order No. 48/2018-19 dated 25.03.2019, allowed Celebi NAS to continue levy of existing tariffs as on 31-03-2019 for a period of 6 months w.e.f. 01-04-2019 to 30.09.2019 or till determination of the tariffs by AERA whichever is earlier. The Authority, further, vide interim Order No. 08/2019-20 dated 26.09.2019, allowed to continue levy of existing tariffs as on 30.09.2019, for a further period of six months w.e.f. 01.10.2019 to 31.03.2020 or till determination of tariffs by AERA whichever is earlier.



3. Annual Tariff Proposal of M/s Celebi NAS.

M/s Celebi NAS, Mumbai vide letter dated 15.02.2019 submitted their Annual Tariff Proposal (ATP) towards determination of tariffs for the (FY 2019-20) i.e. 4th tariff year and (FY 2020-21) i.e. 5th tariff year of the 2nd Control Period for providing Ground Handling Services at Chhatrapati Shivaji Maharaj International (CSMI) Airport, Mumbai. M/s Celebi NAS sought an increase of 10% for ground handling, and 6% for Corporate Aviation & BME service for the 4th tariff year and 5th tariff year over the 3rd tariff year of the 2nd Control period. M/s Celebi NAS, Mumbai vide emails dated 08.03.2019, 26.06.2019, 15.07.2019 and 24.09.2019 submitted additional information regarding Security Deposit, Capital Expenditure, revised projected Aircraft Traffic Movements (ATM). M/s Celebi NAS also submitted revised tariff rate proposing an increase of 5% for Ground Handling, and 5% for Corporate Aviation & BME service for the 4th tariff year and 5th tariff year over the 3rd tariff year of the 2nd Control period. Celebi NAS further vide letter dated 28.01.2020 has submitted revised tariff card across all Ground Handling Services including General Aviation International operation proposed existing tariff rate in most of the category of schedule and non-schedule aircraft except "category-C Domestic passenger Aircraft" where they have proposed 118% increase tariff in both Comprehensive and Ramp. In the same letter Celebi NAS has submitted General Aviation International operation tariff card, proposing similar rate for both Domestic and International carrier and proposed rates are in INR only. However, proposed tariff rates are 1.53% to 8.35% higher than the existing tariff rates.

4. The Authority, duly considered the submissions made by Celebi NAS, Mumbai and issued a Consultation Paper No. 10/2019-20 dated 30.10.2019 wherein the Authority, had proposed to continue levy of the existing tariff as on 31.03.2019 for the 4th tariff year and 5th tariff year of the 2nd Control Period. The Authority sought written evidence based feedback, comments, and, suggestions, from the stakeholders on its Consultation Paper allowing time up to 20.11.2019. In response to the proposal contained in the said Consultation Paper, comments have been received from M/s Mumbai International Airport Limited (MIAL) and from the service provider M/s Celebi NAS Airport Services India Pvt. Ltd). The comments received from the stakeholders were uploaded on AERA's website vide Public Notice No. 15/2019-20 dated 27.11.2019. Brief details of the comments received are given hereunder:

4.1 **Mumbai International Airport Limited (MIAL):** M/s MIAL vide letter no. MIAL/VPR/2019-20/12 dated 20th November, 2019 have submitted their comments on the proposal of the aforesaid Consultation Paper which are briefly mentioned hereunder:

4.1.1 MIAL has stated that the Ground Handling tariff rates of Celebi NAS have remained unchanged since April 2015, while their expenditure has gone up. MIAL has cited the following examples where expenses have increased:

- a) Minimum Wages have moved up by 73.28% (Rs. 9500 in April 2015 to Rs.16462 in July 2019).
- b) Increase in fuel cost by 24% (Rs.55.69 in April 2015 to 69.06 in November 2019).



c) Increase in WPI by 10.89% (110.2 in April 2015 to 122.20 in October, 2019).

4.1.2 MIAL has further stated that, keeping the facility upgraded at all times and for offering efficient service a reasonable increase should be allowed. Accordingly, MIAL has requested the Authority to allow the tariff rate increases as proposed by Celebi NAS, Mumbai in its tariff proposal.

4.2 **M/s Celebi NAS Airport Services India Pvt. Ltd (Celebi NAS):** Celebi NAS vide letter dated 20th November, 2019 have submitted their comments on the proposal of the aforesaid Consultation Paper which are summarised hereunder:

4.2.1 M/s Celebi has commented on the para no 3.2 of Consultation Paper No. 10/2019-20 dated 30.10.2019, which says that Celebi NAS is earning average return on RAB of 31.81% in FY 16-17, 33.33% in FY 2017-18 and 34.65% in FY 18-19 respectively Whereas, the average return on RAB as per Annual Compliance Statement (ACS) submitted by Celebi NAS is 28.2% in FY 16-17, 22.2% in FY-17-18, and 20.2% in FY 18-19 respectively. M/s Celebi further commented that the Post Tax Return on RAB for FY 16-17, FY17-18 & FY 18-19 comes to 18.16%, 13.58% and 14.72% respectively.

4.2.2 M/s Celebi NAS have further reiterated that their tariff rates have remained unchanged since 1st April, 2015, and therefore, request the Authority to consider and approve price hike between 3-5%, for the 4th and 5th tariff year of the 2nd Control Period.

5. Analysis/Views of the Authority:

5.1 The Authority has considered the comments of both the Stakeholders viz. M/s MIAL, & M/s Celebi NAS, Mumbai. MIAL comments states that the tariff rates have remained unchanged since April 2015, whereas, the expenses has increased sharply, the Authority is of the view that the tariff rates are determined based on Return on Average RAB and the ARR requirement, taking into consideration the operating expenditure and other incidental expenses, the Authority has analysed the revenue, operating expenditures, capex etc as submitted by Celebi NAS, Mumbai and observed that M/s Celebi NAS has earned a good return on average RAB on profit before tax during the FY 2016-17, FY 2017-18 and FY 2018-19 as 31.81%, 33.33% & 34.65% respectively (actual). Further, as per projections submitted by Celebi NAS for FY 2019-20 and FY 2020-21, the Return on average RAB on profit before tax will be 29.27% and 30.19% respectively. The PBT/turnover ratio was 17.34% in FY 2016-17, 21.16% in FY 2017-18 and 18.85% in FY 2018-19 (actual) & the projected PBT/turnover ratio will be 15.95% in FY 2019-20 and 15.75% in FY 2020-21 and it is further observed that there is no shortfall in the ARR during the 2nd Control Period. In view of the foregoing, the Authority feels that the existing tariff rate of FY 2018-19 is adequate and sufficient to meet the revenue requirement of Celebi NAS for FY 2019-20 and FY 2020-21 of the 2nd Control Period.

5.2 Regarding the comments of Celebi NAS, Mumbai about difference in the average return on RAB as considered in its Consultation Paper No. 10/2019-20



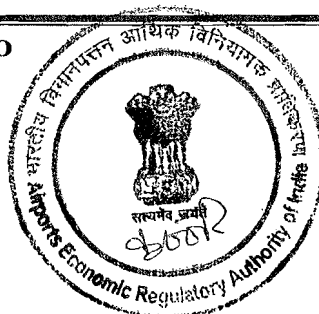
dated 30.10.2019 issued by the AERA, and, the ACS submitted by Celebi NAS, the Authority observes that Celebi NAS had considered security deposit for the purpose of calculating average return on RAB. However, the Authority is of the view that Security Deposit is not a part of the RAB and cannot be considered for return on RAB calculation. The Authority also opines that only pre-tax return on RAB is to be considered for the purpose of calculation of average return on RAB under the "Light Touch Approach".

- 5.3 The Authority observed that M/s Celebi NAS has quoted very high bidding price for getting the GHS contract, quoting almost 85% higher than the minimum prescribed Performance Security, and, 133% higher bid on the minimum monthly guarantee (MMG) against the floor price fixed by the MIAL. The Authority is firmly of the opinion that keeping performance security (PS) and Minimum Monthly Guarantee (MMG) as the bidding parameter, and demanding the same in cash results into higher bids and consequently higher tariff to the end customers, which is not the objective of price regulation, wherein endeavour is to ensure reasonable tariff. The Authority feels that payment of high Performance Security has led to increase in costs to the ISP and a lower quote of MMG (revenue) receivable by the Airport Operator. The Authority would look into this aspect, and, the interest earned by MIAL on Performance Security and take a call on merit at the time of tariff determination of MIAL / revision of AERA guidelines. The Authority further observes that the purpose of performance security is only to ensure quality performance by the agency during the duration of contract, hence the same should not be made as the bidding parameter in future contracts by the Airport operators.
- 5.4 The Authority has further observed that Celebi NAS had proposed discriminatory tariff rates for Domestic and International registered carriers and also proposed tariff rates in both INR & USD in its earlier submission for General/Corporate Aviation. Discriminatory tariff rates for International operations are in contravention to Article 15 of the Chicago convention. Accordingly, Celebi NAS again submitted the revised tariff rate, proposing similar tariff rates for Domestic and International registered carriers in INR only. However Celebi NAS has proposed tariff rates higher than the existing tariff rates between the range of 1.53% to 8.35% and considered the exchange rate of 1 USD equivalent to 70 INR. As the current exchange rate of 1 USD is approx. 70 INR, hence, the Authority has also considered the exchange rate 1 USD equivalent to 70 INR for conversion of tariff rates for the General/Corporate Aviation International operation.

6. ORDER

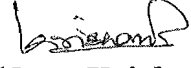
Upon careful consideration of material available on record, as well as submission made by the stakeholders/service provider, the Authority, in exercise of powers conferred by Section 13(1) (a) of the Airport Economic Regulatory Authority of India Act, 2008 hereby orders that:

- (i) M/s Celebi NAS Airport Services India Pvt. Ltd providing Ground Handling Service at Mumbai Airport continue to levy the existing tariff as on 31.03.2019 for the remaining period of 4th tariff year (FY 2019-20) and 5th tariff year (FY 2020-21) of the 2nd Control Period as detailed in **Annexure-I & II**.



- (ii) Tariff determined as above will be maximum tariff to be charged. No other charge is to be levied over and above the approved tariff.
- (iii) M/s Celebi NAS should not exceed the tariff charges for its non-schedule operations as approved by AERA for its schedule operations for similar class of aircrafts.

By the order of & in the name of the Authority


(Ram Krishan)
Director (P&S)

To,

M/s Celebi NAS Airport Services India Pvt. Ltd.,
E8-3016, Level 3, New T2,
Chhatrapati Shivaji Maharaj International Airport,
Andheri (East), Mumbai-400099.
(Through: Mr. Cem Sensoz, Chief Executive Officer)

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



ANNEXURE-I
Approved Tariff Card for Ground Handling Services for FY 2019-20, 2020-21 (T4 & t5)
Celebi Nas Airport Service India Pvt. Ltd. CSMI Airport, Mumbai

Price List for General/Corporate Aviation			
A. Handling Rates			
Aircraft MTOW (Maximum take-off weight)	Maximum Tariff		
	Domestic Flights		International Flights
	Mumbai Based Operators	Non Mumbai Based Operators	Indian & Foreign Registered
	INR	INR	INR
0-5000	12600	14000	32410
5001-10000	17500	21000	64680
10001-20000	28000	35000	126910
20001-30000	30800	39200	136710
30001-40000	43400	49000	142170
40001-50000	47600	53200	147000
50001-70000	53200	58800	156800
70001 and above	105000	105000	230370

Note:

1. All the Charges mentioned above include the prevailing concession fee, royalty, airport levy charged by the Airport Operator.
2. Tariff determined as above will be maximum tariff to be charged from the users, no other charges to be levied over and above the approved tariff.
3. All the charges mentioned above are excluding statutory taxes and other levied as and when applicable.



ANNEXURE-II

Approved Tariff Card for Ground Handling Services for FY 2019-20, 2020-21 (T4 & t5)		
Celebi Nas Airport Service India Pvt. Ltd. CSMI, Mumbai		
Aircraft Type/Category (ICAO Code Type)	Tariff Heading	Conditions of Tariff-INR (Ceiling Price)
		Maximum tariff
International - Passenger Aircraft		
C (S)	Comprehensive	64010
	Ramp	48010
C	Comprehensive	106760
	Ramp	79900
D	Comprehensive	175340
	Ramp	140590
E	Comprehensive	206080
	Ramp	165390
F	Comprehensive	288040
	Ramp	225170
International -Freighter Aircraft		
C	Ramp	88010
D	Ramp	154530
E	Ramp	181970
F	Ramp	247570
Domestic- Passenger Aircraft		
C	Comprehensive	12340
	Ramp	8690
E	Comprehensive	65380
	Ramp	43550

Note:

1. All the charges mentioned above include the prevailing concession fee, royalty, airport levy charged by the Airport Operator.
2. Tariff determined as above will be maximum tariff to be charged from the users, no other charges to be levied over and above the approved tariff.
3. All the above mentioned prices are excluding government taxes and levies such as service tax etc.



Approved tariff Card for Ground Handling Services for FY 2019-20, 2020-21 (T4 & t5)

Celebi Nas Airport Service India Pvt. Ltd. CSMI Airport, Mumbai

Price List for Corporate Aviation

B. Cleaning Rates

Aircraft MTOW (Maximum take-off weight)	Exterior	Interior	Deep	Carpet Shampoo	Steel Polish
0-5000	5600	4200	5250	16800	33600
5001-10000	5600	4200	5250	16800	33600
10001-20000	8400	6300	7870	16800	33600
20001-30000	12600	10500	13130	16800	44800
30001-40000	16800	14000	17510	16800	44800
40001-50000	21000	16800	21000	22400	56000
50001-70000	23800	21000	26250	22400	56000
70001 and above	28000	23800	29750	33600	56000

Note:

1. All the Charges mentioned above include the prevailing concession fee, royalty, airport levy charged by the Airport Operator.
2. Tariff determined as above will be maximum tariff to be charged from the users, no other charges to be levied over and above the approved tariff.
3. All the charges mentioned above are excluding statutory taxes and other levied as and when applicable.



Approved tariff Card for Ground Handling Services for FY 2019-20, 2020-21 (T4 & t5)	
Celebi Nas Airport Service India Pvt. Ltd. CSMI Airport, Mumbai	
Price List for Corporate Aviation	
C. Transportation Rates	
Vehicle	Per turnaround (INR)
Mercedes/Audi	14,000
Teana/Accord	7,000
Innova	4,200
13 Seater Bus	10,080
21 Seater bus	14,000
Bolero	4,200
Scorpio	7,000

Note:

1. All the Charges mentioned above include the prevailing concession fee, royalty, airport levy charged by the Airport Operator.
2. Tariff determined as above will be maximum tariff to be charged from the users, no other charges to be levied over and above the approved tariff.
3. All the charges mentioned above are excluding statutory taxes and other levied as and when applicable.



Approved tariff Card for Ground Handling Services for FY 2019-20, 2020-21 (T4 & t5)					
Celebi NAS Airport Services India Pvt. Ltd., CSMI Airport, Mumbai					
D. Price list for Bridge mounted equipment services					
	Service	FEGP (per hour in INR)*		PCA (per hour in INR)*	
Domestic	Code C		2500	3750	
	Code D		3000	4000	
	Code E		3500	4250	
International	Code C	Single Cable	5750	60T	5850
		Double Cable	6950	90T	6525
	Code D	Single Cable	5750	90T	6525
		Double Cable	6950		
	Code E	Single Cable	5750	90T	6525
		Double Cable	6950		
	Code F	Single Cable	5750	90T	6525
Double Cable		6950	120T	7525	
			120T for A380 Series	8725	

*FEGP- Fixed Electric Ground Power

PCA - Pre-Conditioned Aircool

Note:-

1. All the Charges mentioned above include the prevailing concession fee, royalty, airport levy charged by the Airport Operator.
2. Tariff determined as above will be maximum tariff to be charged from the users, no other charges to be levied over and above the approved tariff.
3. All the charges mentioned above are excluding statutory taxes and other levied as and when applicable.



Approved tariff Card for Cargo Handling Services for FY 2019-20, 2020-21 (T4 & t5)		
Celebi NAS Airport Services India Pvt. Ltd., CSMI Airport, Mumbai		
Price list of Cargo Handling services		
Services	Unit of Billing	Rate in INR
Supervision & Documentation	Per kilo	0.78
Carting and Palletisation	Per kilo	4.25

Note:

1. All the Charges mentioned above include the prevailing concession fee, royalty, airport levy charged by the Airport Operator.
2. Tariff determined as above will be maximum tariff to be charged from the users, no other charges to be levied over and above the approved tariff.
3. All the charges mentioned above are excluding statutory taxes and other levied as and when applicable.

