



Airports Economic Regulatory Authority of India

TO CONSIDER THE MULTI YEAR TARIFF PROPOSAL AND ANNUAL TARIFF PROPOSAL (FY.2017-18 to FY 2020-21) FOR THE SECOND CONTROL PERIOD IN RESPECT OF M/s CELEBI AIRPORT INDIA PVT LTD FOR PROVIDING GROUND HANDLING SERVICES AT COCHIN INTERNATIONAL AIRPORT,

New Delhi: 12 October, 2018.

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

1. Brief Background:

M/s Celebi Ground Handling Delhi Pvt Ltd is one of the Ground Handling agencies appointed by Cochin International Airport Ltd for carrying out Ground Handling (GH) services at Cochin International Airport, Cochin. M/s Celebi has started their operations/ground handling services from January, 2018 at Cochin International Airport. The name of the company has changed to “Celebi Airports India Private Limited” w.e.f 15 March, 2018.

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

M/s Celebi submitted their MYTP on 06th March, 2018 for the period FY 2017-18 to FY 2020-21 of the Second Control period and ATP for FY 2017-18 to FY 2020-21. M/s Celebi also submitted the consolidated Balance Sheet and Profit and loss account for FY 2016-17 and FY 2017-18 and Annual Compliance Statement (ACS) for the FY 2017-18(**Annexure I**).

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:

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

The materiality index at Cochin Airport= 25667/330467

$$= 7.77\%$$

The percentage share of Ground Handling for Cochin Airport, Cochin for the FY 2014-15 is 7.77% 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 Celebi in Form F1(b) on competition Assessment, M/s Air India Air Transport Service Limited (AIATSL) and M/s Bird worldwide Flight Service (India) Pvt. Ltd (BWFSIPL) are other service provider which is rendering similar service at Cochin International Airport. Hence in the instance case, there are three Ground Handling service providers including Celebi, and therefore the service is deemed as ‘**competitive**’.
- i) Stage 3: **Reasonableness of existing User Agreement(s):** M/s Celebi has submitted the copy of User agreement for Cochin Airport.

3.3 M/s Celebi has submitted the copy of Concession Agreement with CIAL.

3.4 M/s Celebi has not submitted any documentary evidence for stakeholder consultation with the users on the proposed ATP for FY 2017-18 to 2020-21.

4 Authority’s Examination on the proposal.

4.1 The services rendered by Celebi for providing Ground Handling facility at Cochin 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 The Authority has observed that M/s Celebi started operation from 1st January 2018 and submitted MYTP and ATP (FY 2017- FY 2021) for second control period. It is noted that M/s Celebi has not proposed any increase in tariff for FY 2018-19, FY 2019-20, however proposed around 3 % increase in FY 2020-21.

4.3 Based on the ACS submission by M/s Celebi a comparative scenario of revenue, cost and return on average RAB for the FY 2017-18 is prepared. The Authority observed the following parameters in the financials as submitted by Celebi:

- i. The turnover/profit % earned in FY 2017-18 is -33% and forecasted profit margin for FY 2018-19 will be 5% for FY 2019-20 will be 6% and for FY 2020-21 will be 8%.
- ii. Return on Average RAB for 2017-18 is -19%. and forecasted RAB for FY 2018-19 will be 11.87 for FY 2019-20 will be 14.42% and for FY 2020-21 will be 23.80%,

5 Proposal

The Authority, after careful consideration of the MYTP and ATP for Second Control Period, makes the following proposal for stakeholder consultation:

- 5.1 The service for Ground handling being provided by M/s Celebi at Cochin Airport, Cochin is “**Material but competitive**” and hence in accordance to the provisions of Chapter V of the AERA Guidelines the tariff will be determined under “Light Touch Approach” for the duration of Second Control Period (01.04.2016 to 31.03.2021) and not under the Price Cap/Cost Plus approach for determination of tariffs for the 2nd control period and accordingly proposes to issue the MYTO for the 2nd control period.
 - 5.2 It is proposed to allow M/s Celebi to levy the tariff as proposed for FY 2017-18. The Authority also proposes the tariff for FY 2018-19 to FY 2020-21 in line with submission made by M/s Celebi Airport Services India Pvt. Ltd. The proposed tariff card is attached as “**Annexure II**”.
 - 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 M/s Celebi should not exceed the tariff charges for its Non-Schedule Operations as approved by AERA for its schedule operations for similar class of aircraft. Celebi should not handle any other ICAO Category aircraft for schedule/non-schedule airlines other than the mentioned code in the proposed tariff card.
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.

6.1 The Authority welcomes written evidence-based feedback, comments and suggestions from stakeholders on the proposal made in para 5 above, latest by **02 November, 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**

Celebi Ground Handling Delhi Private Limited
Balance sheet as at March 31, 2017

(Figures in Rs.)

Notes	As at March 31, 2017	As at March 31, 2016
Equity and liabilities		
Shareholders' funds		
Share capital	4 18,150,000	18,150,000
Reserves and surplus	5 476,636,300	393,351,603
	494,786,300	411,501,603
Non-current liabilities		
Long-term borrowings	6 226,587,305	310,232,433
Provisions	7 18,202,283	12,843,950
	244,789,588	323,076,383
Current liabilities		
Short term borrowings	8 54,666,707	72,113,026
Trade payables	9 157,196,066	107,014,747
Other liabilities	9 149,332,810	125,075,261
Provisions	7 9,566,760	5,652,345
	370,762,343	309,855,379
Total	1,110,338,231	1,044,433,365
Assets		
Non-current assets		
Fixed assets		
Tangible assets	10 (a) 211,518,764	268,802,246
Intangible assets	10 (b) 3,805,633	1,113,202
Non-current investments	11 69,666,660	41,666,660
Loans and advances	12 556,871,527	489,044,687
Other assets	13 136,582	136,582
	841,999,166	800,763,377
Current assets		
Inventories	14 15,080,805	10,348,317
Trade receivables	15 213,739,034	180,093,736
Cash and bank balances	16 113,60,886	19,370,765
Loans and advances	12 28,352,253	39,459,958
Other assets	13 7,087	1,212
	268,339,065	243,669,988
Total	1,110,338,231	1,044,433,365

Summary of significant accounting policies

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The accompanying notes are an integral part of the financial statements.
As per our report of even date

For S.R. Batliboi & Co LLP

Chartered Accountants

ICAI Firm Registration Number: 30100315/B300005

Rajeev Sawhney

per Rajeev Sawhney

Partner

Membership Number: 26833



Place: Gurgaon

Date: July 25, 2017

For and on behalf

of Celebi Ground Handling Delhi Private Limited

Murali Ramachandran

Director

DIN: 07050479

Imagbir Singh

Director

DIN: 01206813

Laxman Kumar Prasad

Chief Financial Officer

Place: New Delhi

Date: July 25, 2017

Celebi Ground Handling Delhi Private Limited
Statement of profit and loss for the year ended March 31, 2017

	Notes	For the year ended March 31, 2017	(Figures in Rs) For the year ended March 31, 2016
Income			
Revenue from operations	17	1,084,655,086	738,114,573
Other operating revenues	17	3,605,621	4,146,757
Other income	18	8,339,208	4,082,514
		<u>1,096,599,915</u>	<u>746,342,844</u>
Expenses			
Employee benefits expense	19	436,472,113	318,772,443
Other expenses	20	433,365,310	503,899,580
		<u>869,837,423</u>	<u>822,672,023</u>
Earnings before interest, tax, depreciation and amortization (EBITDA)		<u>226,762,492</u>	<u>123,670,821</u>
Depreciation and amortization expense	21	85,511,797	86,499,204
Finance costs	22	57,965,998	67,483,810
Profit/(Loss) before tax		<u>83,284,697</u>	<u>(30,312,193)</u>
Tax expense			
Current tax		-	-
Deferred tax		-	-
Total tax expense		<u>-</u>	<u>-</u>
Profit/(Loss) for the year		<u>83,284,697</u>	<u>(30,312,193)</u>
Basic and Diluted Profit/(Loss) per share (Rs.) (Nominal value of Rs. 10 each (March 31, 2016 Rs. 10 each))	23	45.89	(16.70)
Summary of significant accounting policies	24		
The accompanying notes are an integral part of the financial statements.			

As per our report of even date

For S.R. Baidi & Co LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

Rajeev Sawhney

per Rajeev Sawhney
Partner
Membership Number: 96333

Place: Gurgaon
Date: July 25, 2017



For and on behalf
of Celebi Ground Handling Delhi Private Limited

Mufar Hamachandran
Director
DIN: 07050479

Junghir Singh
Director
DIN: 01206815

Laxman Kumar Prasad
Chief Financial Officer

Place: New Delhi
Date: July 25, 2017

Celebi Airport Services India Private Limited
(Formerly known as Celebi Ground Handling Delhi Private Limited)

Balance sheet as at March 31, 2018

	Notes	As at March 31, 2018	(Figures in Rs.) As at March 31, 2017
Equity and liabilities			
Shareholders' funds			
Share capital	4	23,890,000	18,150,000
Reserves and surplus	5	757,317,664	476,636,300
		<u>781,207,664</u>	<u>494,786,300</u>
Non-current liabilities			
Long-term borrowings	6	362,426,441	226,587,305
Trade payables	9	3,133,386	5,243,126
Provisions	7	24,805,604	12,959,157
		<u>390,415,431</u>	<u>244,789,588</u>
Current liabilities			
Short-term borrowings	8	2,863,701	54,666,707
Trade payables			
• Total outstanding dues of micro enterprises and small enterprises			
• Total outstanding dues of creditors other than micro enterprises and small enterprises	9	196,350,869	155,598,827
Other liabilities	9	157,958,274	150,930,049
Provisions	7	7,064,867	9,566,760
		<u>361,374,711</u>	<u>370,762,343</u>
Total		<u>1,835,860,806</u>	<u>1,110,338,231</u>
Assets			
Non-current assets			
Property, Plant and Equipment			
• Tangible assets	10 (A)	312,549,728	211,518,764
• Intangible assets	10 (B)	2,444,071	3,805,633
Non-current investments	11	69,666,660	69,666,660
Loans and advances	12	672,036,153	556,871,527
Other assets	13	600,000	136,582
		<u>1,057,296,612</u>	<u>841,999,166</u>
Current assets			
Inventories	14	19,271,898	15,080,805
Trade receivables	15	277,009,792	213,738,034
Cash and bank balances	16	119,879,083	11,160,886
Loans and advances	12	61,817,357	28,352,263
Other assets	13	586,074	7,087
		<u>478,564,104</u>	<u>268,339,065</u>
Total		<u>1,835,860,806</u>	<u>1,110,338,231</u>

Summary of significant accounting policies

The accompanying notes are an integral part of the financial statements.
As per our report of even date.

For S.R. Bhatnagar & Co LLP

Chartered Accountants

(CAI Firm Registration Number: 3610035/E-300005)

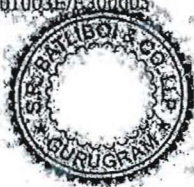
per Anil Kumar Jais

Partner

Membership Number: 097214

Place: Gurugram

Date: August 14, 2018



For and on behalf of

Celebi Airport Services India Private Limited

(Formerly known as Celebi Ground Handling Delhi Private Limited)

per R. Ramasubramanian

Director

DIN: 07060479

per Manoj Kumar Prasad

Chief Financial Officer

Place: New Delhi

Date: August 14, 2018

per Jyoti Singh

Director

DIN: 01206813



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Celebi Airport Services India Private Limited
(Formerly known as Celebi Ground Handling Delhi Private Limited)

Statement of profit and loss for the year ended March 31, 2018

	Notes	For the year ended March 31, 2018	(Figures in Rs.) For the year ended March 31, 2017
Income			
Revenue from operations	17	1,372,780,560	1,084,655,086
Other operating revenues	17	4,492,323	3,605,621
Other income	18	39,110,779	8,339,208
		<u>1,416,383,662</u>	<u>1,096,599,915</u>
Expenses			
Employee benefits expense	19	566,549,478	436,472,113
Other expenses	20	570,325,082	433,979,442
		<u>1,136,874,560</u>	<u>870,451,555</u>
Earnings before interest, tax, depreciation and amortization (EBITDA)		279,509,102	226,148,360
Depreciation and amortization expense	21	99,407,264	85,511,797
Finance costs	22	65,880,474	57,351,866
Profit for the year		<u>(14,221,364)</u>	<u>83,284,697</u>
Basic and Diluted Earnings per share (Rs.)	23	51.73	44.89
(Nominal value of Rs. 10 each (March 31, 2017 Rs. 10 each))			

Summary of significant accounting policies

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S.R. Batlibat & Co LLP
Chartered Accountants

ICAI Firm Registration Number: 301003E/300005

per Ashish Kumar Dahi
Partner
Membership Number: 027214

Place: Gurugram

Date: August 14, 2018



For and on behalf of
Celebi Airport Services India Private Limited
(Formerly known as Celebi Ground Handling Delhi Private Limited)

per Rajesh Kumar
Director
DIN: 07530479

per Anshu Singh
Director
DIN: 01206815

per Arman Kumar Prasad
Chief Financial Officer

Place: New Delhi
Date: August 14, 2018





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P.M. Kathariya & Co.**Chartered Accountants**

Room No. 6, Kermani Bldg, 4th Floor, 27
Sir P.M. Road, Fort, Mumbai - 400 001.

Mob. : 9821034665 Tel. : 66315862, Telefax : 22856615,
Email : pmkathariya@rediffmail.com / gmail.com

Celebi Airport Services India Private Limited

Form F16: Performance Report for the Tariff Year (ref: Section A1.9 of Appendix I)

Period: Financial Year 2017-18

COCHIN

	Actuals for the Tariff Year under consideration	Forecast as per the Multi Year Tariff Order Cochin
Total revenue from Regulated Services (1)	42,271,046	41,656,725
Total revenue services other than from Regulated Services (2)	0	0
Operating Expenditure (3)	52,718,591	49,910,102
Depreciation (4)	3,483,002	5,923,347
Total Expenditure (3) + (4) = (5)	56,201,593	55,833,450
Regulatory Operating Profit (1) - (5) = (6)	-13,930,546	-14,176,724
Capital expenditure (7)	152,024,370	260,165,763
Opening RAB (8)	0	0
Disposals/Transfers (9)	0	0
Closing RAB (8) + (7) - (9) - (4) = (10)	148,541,368	254,242,416
Average RAB (8) + (10)/2 = (11)	74,270,684	127,121,208
Return on Average RAB (6) / (11)	-19%	-11%
Total Volume (ATM) (12)	934	752
Actual Yield per unit (12/1)	45.258	55.395

Fields in italics are not required to be submitted as the company is under Material and Competitive Category.

Date: 24/08/2018

Place: Mumbai



For P. M. KATHARIYA & CO.
Chartered Accountants

[Signature]

C.A.-P. M. KATHARIYA
(Proprietor)
M. No. 31315



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P.M. Kathariya & Co.**Chartered Accountants**

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Email: pmkathariya@rediffmail.com / gmail.com

Celebi Airport Services India Private Limited
(Formerly Celebi Ground Handling Delhi Private Limited)

Form F19: Operating Expenditure incurred during the Tariff Year (ref: Section A1.9 of Appendix I)

COCHIN**Period: Financial Year 2017-18**

	Actuals for the Tariff Year under consideration	Forecast as per the Multi Year Tariff Order Cochin
Payroll Cost	15,937,327	13,320,000
Administrative & General Cost	2,198,377	4,000,308
Utilities & Outsourcing Costs	7,293,409	2,133,935
Concession Fees & License Fees	24,777,563	29,436,479
Repair & Maintenance Costs	2,511,915	1,019,380
Operating expenditure not identified - Loss on disposal of fixed asset	0	0
Total operating expenditure	52,718,591	49,910,102

Date: 24/08/2018

Place: Mumbai



For **P. M. KATHARIYA & CO.**
Chartered Accountants

C.A. - P. M. KATHARIYA
(Proprietor)
M. No. 31315



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P.M. Kathariya & Co.**Chartered Accountants***Room No. 6, Kermani Bldg, 4th Floor, 27
Sir P.M. Road, Fort, Mumbai - 400 001.**Mob. : 9821034665 Tel : 66315862, Telefax: 22856615,
Email : pmkathariya@rediffmail.com / gmail.com***Celebi Airport Services India Private Limited****Form F17: Revenues from Regulated Services
recovered during the Tariff Year (ref: Section
A1.9 of Appendix I)****Period: Financial Year 2017-18****COCHIN**

	Actuals for the Tariff Year under consideration	Forecast as per the Multi Year Tariff Order Cochin
Ground Handling - International Flights	24,202,803	32,730,165
Ground Handling - Domestic Flights	18,068,243	8,926,561
Total Revenues from Tariffs from Regulated Services	42,271,046	41,656,725

Date: 24/08/2018**Place: Mumbai****For P. M. KATHARIYA & CO.
Chartered Accountants****C.A.-P. M. KATHARIYA
(Proprietor)
M. No. 31315**

Form 14 (b) - Price List - Scheduled Aircrafts

FY 17-18			
Aircraft Type/ Category (ICAO code types)	Tariff Heading	Passenger aircraft	
		International	Domestic
B1	Comprehensive	N.A	5,300
	Ramp	N.A	4,300
B	Comprehensive	99,300	15,800
	Ramp	79,500	12,700
C1	Comprehensive	99,300	21,000
	Ramp	79,500	16,800
C	Comprehensive	165,400	36,800
	Ramp	132,400	29,500
D	Comprehensive	271,300	59,200
	Ramp	217,100	47,400
E	Comprehensive	317,600	110,300
	Ramp	254,100	88,300

FY 18-19			
Aircraft Type/ Category (ICAO code)	Tariff Heading	Passenger aircraft	
		International	Domestic
B1	Comprehensive	N.A	5,300
	Ramp	N.A	4,300
B	Comprehensive	99,300	15,800
	Ramp	79,500	12,700
C1	Comprehensive	99,300	21,000
	Ramp	79,500	16,800
C	Comprehensive	165,400	36,800
	Ramp	132,400	29,500
D	Comprehensive	271,300	59,200
	Ramp	217,100	47,400
E	Comprehensive	317,600	110,300
	Ramp	254,100	88,300

FY 19-20			
Aircraft Type/ Category (ICAO code)	Tariff Heading	Passenger aircraft	
		International	Domestic
B1	Comprehensive	N.A	5,300
	Ramp	N.A	4,300
B	Comprehensive	99,300	15,800
	Ramp	79,500	12,700
C1	Comprehensive	99,300	21,000
	Ramp	79,500	16,800
C	Comprehensive	165,400	36,800
	Ramp	132,400	29,500
D	Comprehensive	271,300	59,200
	Ramp	217,100	47,400
E	Comprehensive	317,600	110,300
	Ramp	254,100	88,300

FY 20-21			
Aircraft Type/ Category (ICAO code)	Tariff Heading	Passenger aircraft	
		International	Domestic
B1	Comprehensive	N.A	5,500
	Ramp	N.A	4,500
B	Comprehensive	102,300	16,300
	Ramp	81,900	13,100
C1	Comprehensive	102,300	21,700
	Ramp	81,900	17,400
C	Comprehensive	170,400	38,000
	Ramp	136,400	30,400
D	Comprehensive	279,500	61,000
	Ramp	223,700	48,900
E	Comprehensive	327,200	113,700
	Ramp	261,800	91,000

FY 17-18			
Aircraft Type/ Category (ICAO code types)	Tariff Heading	Freighter aircraft	
		International	Domestic
C1	Ramp	N.A	47,300
C	Ramp	119,100	78,800
D	Ramp	211,700	94,500
E	Ramp	251,400	115,500

FY 18-19			
Aircraft Type/ Category (ICAO code)	Tariff Heading	Freighter aircraft	
		International	Domestic
C1	Ramp	N.A	47,300
C	Ramp	119,100	78,800
D	Ramp	211,700	94,500
E	Ramp	251,400	115,500

FY 19-20			
Aircraft Type/ Category (ICAO code)	Tariff Heading	Freighter aircraft	
		International	Domestic
C1	Ramp	N.A	47,300
C	Ramp	119,100	78,800
D	Ramp	211,700	94,500
E	Ramp	251,400	115,500

FY 20-21			
Aircraft Type/ Category (ICAO code)	Tariff Heading	Freighter aircraft	
		International	Domestic
C1	Ramp	N.A	48,800
C	Ramp	122,700	81,200
D	Ramp	218,100	97,400
E	Ramp	259,000	119,000

Note: The above price is excluding of Government taxes and duties such as Goods & Service Tax (GST) etc.