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File No. AERA/20010 MYTP/CELEBI/GH/Hyderabad/CP-III/2021-22 / 18266

Airports Economic Regulatory Authority of India

Order No. 09/ 2021-22

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

Date of Issue: 24<sup>th</sup> August, 2021

Service : Ground Handling Services  
Service provider : M/s Celebi Airport Services India Pvt. Ltd.,  
Airport : Rajiv Gandhi International Airport, Hyderabad

**In the matter of Determination of Tariff for the 3rd control period (FY 2021-22 to FY 2025-26) in respect of M/s Celebi Airport Services India Private Limited for providing Ground Handling Services at Rajiv Gandhi International Airport, Hyderabad.**

1. M/s Celebi Airport Services India Pvt. Ltd. (M/s Celebi) is one of the Ground Handling agency appointed by Hyderabad International Airport Limited (HIAL) for carrying out Ground Handling (GH) services at Rajiv Gandhi International Airport (RGIA), Hyderabad. M/s Celebi has signed Ground Handling Service Agreement with HIAL on 22<sup>nd</sup> March, 2019, which is valid for 10 years i.e. upto 21<sup>st</sup> March, 2029. M/s Celebi has commenced its commercial operations of the Ground Handling services at Hyderabad Airport from 1st April, 2019.
2. The Authority, vide its Order No. 03/2020-21 dated 13.05.2020 determined tariffs for FY 2019-20 & FY 2020-21 of the 2nd Control Period under 'Light Touch Approach' in respect of M/s Celebi providing Ground Handling services at RGIA, Hyderabad.
3. M/s Celebi submitted the Annual Compliance Statement (ACS) for FY 2018-19 and FY 2019-20. The Authority has relied upon these documents as submitted by Celebi, Hyderabad for determination of tariff for the 3rd Control Period.
4. As per the provisions of the CGF Guidelines 2011, M/s Celebi has submitted the Multi Year Tariff Proposal ('MYTP') seeking revision of tariffs for providing Ground Handling Services at RGIA, Hyderabad for the 3<sup>rd</sup> Control Period (FY 2021-22 to FY 2025-26) on 06.04.2021.



**CHAPTER 1: PRINCIPLES FOR DETERMINATION OF AERONAUTICAL TARIFF UNDER “LIGHT TOUCH APPROACH”.**

- 1.1 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. Accordingly, the Authority 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”).
- 1.2 In accordance, to above mentioned AERA Guidelines and Directions, the following procedure is followed:

**Stage I: MATERIALITY:**

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

The materiality index at RGIA = 25760/438049 = 5.88%

The percentage share of Ground Handling for RGIA, Hyderabad for the FY 2019-20 is 5.88% which is more than 5% Materiality Index (MIg) for the above subject service. Hence the regulated service is deemed as ‘**Material**’ for the 3<sup>rd</sup> control period.

**Stage II: COMPETITION:**

- 1.3 AERA with regard to the provisions of the National Civil Aviation Policy (NCAP-2016), vide Order No. 15/2016-17 dated 12<sup>th</sup> 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 M/s Celebi in Form F1(b) on competition Assessment, two other service providers namely, M/s Globe Ground India Pvt. Ltd (GGI) and M/s Air India SATS (AISATS) are also rendering similar services at RGIA, Hyderabad. Hence in the instant case, there are three service providers including Celebi providing Ground Handling service at RGIA, Hyderabad, and therefore the service is deemed to be ‘**Competitive**’.

**Stage III: REASONABLENESS OF EXISTING USER AGREEMENT(S):**

- 1.4 M/s Celebi has signed Ground Handling Service Agreement with HIAL on 22<sup>nd</sup> March, 2019, which is valid for 10 years i.e. upto 21<sup>st</sup> March, 2029.
- 1.5 M/s Celebi has submitted the Minutes of Meeting of the stakeholder consultation for



ground handling services at RGIA, Hyderabad held by Celebi Airport Services India Private Limited through video conferencing on 4<sup>th</sup> November, 2020.

- 1.6 The Authority has carefully considered the Multi Year Tariff Proposal ('MYTP') seeking revision of tariffs for providing Ground Handling Services at RGIA, Hyderabad for FY 2021-22 to FY 2025-26 of the 3rd Control Period and issued the Consultation Paper No. 07/ 2021-22 dated 04.06.2021.
- 1.7 The Authority has not received comments from any of the Stakeholders in respect of Consultation Paper No. 07/2021-22 till the last date for submission of written Comments i.e. 25.06.2021.



## CHAPTER 2: TRAFFIC (FLIGHTS HANDLING)

### Celebi, Hyderabad's submission on Traffic (Flights to be Handled) for the 3rd Control Period as part of MYTP.

2.1 As per MYTP submission by M/s Celebi, Hyderabad, the projected Traffic (Flights to be Handled) for the 3rd control period (FY 2021-22 to FY 2025-26) is given as below:

**Table 1: Projected Traffic (Flights to be Handled) (in Nos.) submitted by M/s Celebi for the 3rd control period.**

Year	Domestic (Landing)	International (Landing)	Total	YoY % Change		
				Domestic	International	Total
2021-22	8,289	899	9188	-	-	-
2022-23	12,262	1,228	13490	47.93	36.66	46.83
2023-24	13,690	1,500	15190	11.65	22.12	12.60
2024-25	14,796	1,691	16487	8.08	12.75	8.54
2025-26	15,973	1,726	17699	7.96	2.04	7.35

### Authority's Examination regarding Traffic (Flights to be Handled) for the Third Control Period:

2.2 The Authority decided to consider the growth in traffic (Flights to be Handled) as submitted by M/s Celebi, Hyderabad for the 3rd control period.

### Authority's Decisions regarding Traffic (Flights to be Handled) for the 3rd Control Period

Based on the material before it and its analysis, the Authority has decided the following regarding Traffic (Flights to be Handled) for M/s Celebi, Hyderabad for the 3rd Control Period:

2.3 The Authority decides to consider Traffic (Flights to be Handled) for M/s Celebi, Hyderabad for the 3<sup>rd</sup> Control Period as per Table 1.



### CHAPTER 3: CAPITAL EXPENDITURE

#### Celebi, Hyderabad's submission on Capital Expenditure for the 3rd Control Period as part of MYTP.

- 3.1 As per MYTP submission, M/s Celebi, Hyderabad has projected total capital expenditure (CAPEX) of Rs. 1311.81 Lacs for the procurement of various assets for the 3rd control period (FY 2021-22 to FY 2025-26). The asset wise capital expenditure projected by M/s Celebi, Hyderabad for the 3rd control period is given as below:

**Table 2: Projected Capital Expenditure submitted by M/s Celebi for the 3<sup>rd</sup> control period**

Particulars	Amount (Rs. in Lacs)					
	2021-22	2022-23	2023-24	2024-25	2025-26	Total
Ground Handling Equipments	-	444.89	298.18	66.46	58.30	867.83
Furniture & Fixtures	12.38	-	26.90	21.19	-	60.47
Vehicles	-	-	361.11	-	-	361.11
Office Equipments	5.50	1.55	-	0.33	11.25	18.64
Computers	-	-	3.77	-	-	3.77
<b>TOTAL</b>	<b>17.88</b>	<b>446.44</b>	<b>689.96</b>	<b>87.99</b>	<b>69.54</b>	<b>1,311.81</b>

#### Authority's Examination regarding Capital Expenditure for the Third Control Period:

- 3.2 The Authority examined the total projected capital expenditure of Rs. 1311.81 Lacs for the 3rd control period and noted that M/s Celebi has proposed Rs 1228.94 Lacs to be incurred for procurement of Ground Handling Equipments (Rs 867.83 Lacs) and Vehicles (Rs 361.11 Lacs) (Refer Table 2 above). M/s Celebi also submitted that the capital expenditure would be required to meet the projected growth in business at RGIA, Hyderabad during the 3<sup>rd</sup> Control Period. Hence, the Authority decided to consider the CAPEX for the 3<sup>rd</sup> Control Period as proposed by M/s Celebi.

#### Authority's Decisions regarding Capital Expenditure for the 3rd Control Period:

Based on the material before it and its analysis, the Authority has decided the following regarding Capital Expenditure for M/s Celebi, Hyderabad for the 3rd Control Period:

- 3.3 The Authority decides to consider Capital Expenditure for M/s M/s Celebi, Hyderabad for the 3<sup>rd</sup> Control Period as per Table 2.

## CHAPTER 4: OPERATING EXPENDITURE

### M/s Celebi, Hyderabad's submission on Operating Expenditure for the 3rd Control Period as part of MYTP.

- 4.1 As provided in Clause 9.4 of the CGF Guidelines mentioned in Direction No. 04/2010-11, the Operation and Maintenance expenditure incurred by the Service provider(s) include expenditure incurred on security, operating costs, other mandated operating costs and statutory operating costs.
- 4.2 Operation and Maintenance (O&M) Expenditure submitted by M/s Celebi, Hyderabad has been segregated into the following categories:
- Payroll Costs;
  - Admin and general expenditure;
  - Utility & Outsourcing Costs
  - Concession fees
  - Repair and maintenance expenditure;

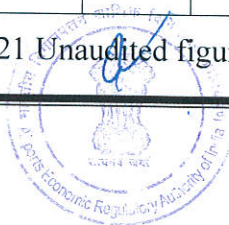
### Authority's Examination regarding Operating Expenditure for the 3rd Control Period:

- 4.3 As per the ACS (Annual Compliance Statement) submitted by Celebi, Hyderabad, the Authority examined the Revenue and Operating Expenditure (OPEX) projected by M/s Celebi, Hyderabad for the 3rd control period (FY 2021-22 to FY 2025-26) as well as Audited figures of FY 2019-20 & Unaudited figures for FY 2020-21, which are given as below:

**Table 3: Actual (FY 2019-20) and Projected Revenue and Operating Expenditure submitted by M/s Celebi**

Particulars	Amount (Rs. in Lacs)							CAG R	YoY % Change					
	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26		2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Revenue	2704.14	1543.07	2927.22	4197.45	5137.88	5908.42	6559.78	22.4%	-42.9	89.7	43.4	22.4	15.0	11.0
Operating Expenditure	2193.62	1560.35	2549.64	3512.24	4025.15	4489.27	4956.57	18.1%	-28.9	63.4	37.8	14.6	11.5	10.4
Payroll Costs	887.37	689.90	1104.15	1649.19	1924.12	2188.37	2,445.64	22.0%	-22.3	60.0	49.4	16.7	13.7	11.8
Administrative & General Costs	397.35	194.45	350.55	437.61	485.54	537.11	588.92	13.8%	-51.1	80.3	24.8	11.0	10.6	9.6
Utilities & Outsourcing Costs	206.41	129.09	261.04	355.67	307.22	333.52	357.93	8.2%	-37.5	102.2	36.2	-13.6	8.6	7.3
Concession fees	680.39	525.54	797.31	1015.82	1249.21	1,366.73	1496.33	17.0%	-22.8	51.7	27.4	23.0	9.4	9.5
Repair & Maintenance Costs	22.10	21.37	36.59	53.96	59.06	63.54	67.74	16.6%	-3.3	71.3	47.5	9.5	7.6	6.6

(\* 2019-20 Audited figures & # 2020-21 Unaudited figures)



- 4.4 The Authority analysed the Operating Expenditure as submitted by M/s Celebi for the 3rd Control Period and noted that there is an increase in the projected Operating Expenditures for the 3rd control period (FY 2021-22 to 2025-26) and sought clarification from M/s Celebi, Hyderabad. In this regard, M/s Celebi informed that the increase in Traffic (Flights to be Handled) will not only result in increase in operating expenses but also will increase the revenue. The Authority noted that YoY % increase in revenue is higher than YoY % increase in operating expenses.
- 4.5 M/s Celebi, Hyderabad have also submitted the audited figures of Profit and Loss Account for the FY 2019-20 and unaudited figures for FY 2020-21. The Authority, based on the Profit and Loss Account Statements noted that of M/s Celebi, Hyderabad have a profit of Rs. 213.87 Lacs in FY 2019-20 and Losses of Rs.434.19 Lacs (estimated) in FY 2020-21.
- 4.6 The Authority, based on the projected Financial submitted by M/s Celebi, Hyderabad noted that M/s Celebi shall have losses of Rs.58.51 Lacs even in FY 2021-22.

**Authority's Decisions regarding Operating Expenditure for the 3rd Control Period**

Based on the material before it and its analysis, the Authority has decided the following regarding Operating Expenditure for M/s Celebi, Hyderabad for the 3rd Control Period:

- 4.7 The Authority decides to consider Operating Expenditure for M/s Celebi, Hyderabad for the 3<sup>rd</sup> Control Period as per Table 3.



## **CHAPTER 5: ANNUAL TARIFF PROPOSAL**

### **M/s Celebi, Hyderabad's submissions on Annual Tariff Proposal for the 3rd Control Period as part of MYTP.**

- 5.1 M/s Celebi, Hyderabad has submitted the tariff proposal for Ground Handling Services at Rajiv Gandhi International Airport, Hyderabad for the 3rd Control Period (FY 2021-22 to FY 2025-26) as given in Table 4 of consultation Paper (Refer Annexure-I)

### **Authority's Examination regarding Tariff Proposal for the 3rd Control Period**

- 5.2 The Authority analysed the tariff Proposal submitted by M/s Celebi and noted that tariff increase proposed by the service provider for FY 2021-22 is 10% over the previous year for Domestic Passenger Flights. Further an increase of 5% has been proposed for FY 2023-24 and for FY 2025-26 in respect of Passenger Flights as well as Freight Flights, which shows a uniform 2.5% CAGR for FY 2021-22 to FY 2025-26 for all categories of Passenger and Freight Flights.
- 5.3 The Authority noted that even after 10% tariff increase proposed by the M/s Celebi, Hyderabad for FY 2021-22 over the previous year for Domestic Passenger Flights, the service provider shall have losses of Rs.58.51 Lacs in FY 2021-22 as submitted by M/s Celebi.
- 5.4 The Authority, based on 'Minutes' of Meeting of the stakeholders consultation held on 30<sup>th</sup> October, 2020 observed that M/s Celebi, Hyderabad did not present the proposed Tariff Rates at the stakeholders' meeting.

### **Authority's Decisions regarding Tariff Proposal for the 3rd Control Period**

- 5.5 The services rendered by M/s Celebi for providing Ground Handling facilities at Hyderabad Airport are aeronautical services in terms of section 2(a) of the Airports Economic Regulatory Authority of India Act, 2008 (Act). Therefore, the Authority under section 13 (1)(a) of the Act, is required to determine the tariffs for aeronautical services rendered by the ISPs/AOs at Major Airports.
- 5.6 The Authority, after careful consideration of the proposals submitted by M/s Celebi for the 3rd control period (FY 2021-22 to FY 2025-26), decides that the service for ground handling being provided by M/s Celebi Airport Services India Pvt. Ltd. at Rajiv Gandhi International Airport, Hyderabad is "Material but Competitive". Therefore, the Authority decided to adopt 'Light Touch Approach' for determination of tariffs for the 3rd control period (FY 2021-22 to FY 2025-26).
- 5.7 M/s Celebi has submitted the Annual Compliance Statement (ACS) for FY 2018-19 and FY 2019-20. The Authority has relied upon these documents as submitted by Celebi, Hyderabad for determination of tariff for the 3rd Control Period.





- 5.8 No comments/ views have been received from any stakeholders including M/s Celebi on the proposals made in Consultation Paper No. 07/ 2021-22 dated 04.06.2021. Hence, the Authority presumes that the stakeholders have no objection to the proposal shared in this Consultation Paper.
- 5.9 The Authority, based on analysis and examination, decides that the Tariff Rates approved shall be maximum tariff to be charged. No other charge shall be levied over and above the approved Tariff.
- 5.10 M/s Celebi shall not exceed the Tariff Rates for its Non-Schedule Operations as approved by AERA for similar class of aircraft(s).



## **ORDER**

Upon careful consideration of the material available on record, as well as submission made by M/s Celebi, the Authority, in exercise of powers conferred upon it by Section 13(1)(a) of the AERA Act, 2008 hereby orders that:

- (i) the service for Ground handling being provided by M/s Celebi Airport Services India Pvt. Ltd. at Rajiv Gandhi International Airport, Hyderabad is **“Material but Competitive”**. Therefore the Authority decides to adopt **‘Light Touch Approach’** for determination of tariffs for the 3rd control period (FY 2021-22 to FY 2025-26).
- (ii) the Authority decided to allow M/s Celebi Airport Services India Pvt. Ltd to levy revised tariff w.e.f. 1<sup>st</sup> September, 2021 for the 3rd control period (FY 2021-22 to FY 2025-26) as per “Annexure I”.
- (iii) the tariff determined shall be the maximum tariff to be charged. No other charge is to be levied over and above the approved Tariff Rates.
- (iv) M/s Celebi shall not exceed the Tariff Rates for its Non-Schedule Operations as approved by the Authority for similar class of aircraft(s).
- (v) the Airport operator shall ensure the compliance of the Order.

**By the Order of and in the  
Name of the Authority**

  
**(Col Manu Sooden)  
Secretary**

**To**

**M/s Celebi Airport Services India Pvt. Ltd.  
Room no. CE 01, Import Building 2, International Cargo Terminal,  
IGI Airport, New Delhi - 110 037  
(Through: Shri Murali Ramachandran, Chief Executive Officer)**

**Copy to:**

- i- **Secretary, Ministry of Civil Aviation, Rajiv Gandhi Bhawan, Safdarjung  
Airport New Delhi-110003.**
- ii- **Shri SG Kishore, Chief Executive Officer  
HIAL**



TARIFF RATE CARD

M/S CELEBI AIRPORT SERVICES INDIA PVT. LTD. - GROUND HANDLING SERVICES AT RGIA, HYDERABAD.

MAXIMUM RATE TO BE PAID BY SCHEDULED/NON-SCHEDULED AIRLINES FOR GROUND HANDLING SERVICES FOR THE FY 2021-22 TO FY 2025-26 OF 3RD CONTROL PERIOD.

Particulars	FY 2021-22			FY 2022-23			FY 2023-24			FY 2024-25			FY 2025-26		
	Pax	Ramp	Full	Pax	Ramp	Full	Pax	Ramp	Full	Pax	Ramp	Full	Pax	Ramp	Full
<b>Domestic Passenger Flight</b>															
CODE B	4851	11319	16170	4851	11319	16170	5094	11885	16979	5094	11885	16979	5349	12479	17828
CODE C	6402	14938	21340	6402	14938	21340	6722	15685	22407	6722	15685	22407	7058	16469	23527
CODE D	9867	23023	32890	9867	23023	32890	10360	24174	34534	10360	24174	34534	10878	25383	36261
CODE E	22539	52591	75130	22539	52591	75130	23666	55221	78887	23666	55221	78887	24849	57982	82831
CODE F	33264	77616	110880	33264	77616	110880	34927	81497	116424	34927	81497	116424	36673	85572	122245
<b>International Passenger Flight</b>															
CODE B	11730	27370	39100	11730	27370	39100	12317	28739	41056	12317	28739	41056	12933	30176	43109
CODE C	27510	64190	91700	27510	64190	91700	28886	67400	96286	28886	67400	96286	30330	70770	101100
CODE D	44820	104580	149400	44820	104580	149400	47061	109809	156870	47061	109809	156870	49414	115299	164713
CODE E	58710	136990	195700	58710	136990	195700	61646	143840	205486	61646	143840	205486	64728	151032	215760
CODE F	81870	191030	272900	81870	191030	272900	85964	200582	286546	85964	200582	286546	90262	210611	300873
<b>Domestic Freight Flight</b>															
CODE C	NA	54000	NA	NA	54000	NA	NA	56700	NA	NA	56700	NA	NA	59535	NA
CODE D	NA	94000	NA	NA	94000	NA	NA	98700	NA	NA	98700	NA	NA	103635	NA
CODE E	NA	113000	NA	NA	113000	NA	NA	118650	NA	NA	118650	NA	NA	124583	NA
CODE F	NA	154000	NA	NA	154000	NA	NA	161700	NA	NA	161700	NA	NA	169785	NA
<b>International Freight Flight</b>															
CODE C	NA	133000	NA	NA	133000	NA	NA	139650	NA	NA	139650	NA	NA	146633	NA
CODE D	NA	160000	NA	NA	160000	NA	NA	168000	NA	NA	168000	NA	NA	176400	NA
CODE E	NA	195000	NA	NA	195000	NA	NA	204750	NA	NA	204750	NA	NA	214988	NA
CODE F	NA	287000	NA	NA	287000	NA	NA	301350	NA	NA	301350	NA	NA	316418	NA

Note: Above Tariff Rates are excluding all applicable taxes.