

फा0 सं. ऐरा/20010/एम.वाई.टी.पी. भद्रा/जी.एच/चेन्नई/सी.पी.दो/ 2016-17

भारतीय विमानपत्तन आर्थिक विनियामक प्राधिकरण

ऐरा भवन, प्रशासनिक कॉम्प्लेक्स,

सफदरजंग एयरपोर्ट,

नई दिल्ली -110003

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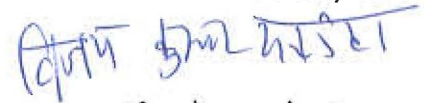
दिनांक : 12 सितम्बर, 2017

विषय : चेन्नई अंतर्राष्ट्रीय हवाई अड्डा, चेन्नई में ग्राउंड हैंडलिंग सेवाएं प्रदान करने हेतु मैसर्स भद्रा इंटरनेशनल (इंडिया) प्राईवेट लिमिटेड ( मैसर्स भद्रा ) के संबंध में द्वितीय नियंत्रण अवधि के लिए बहुवर्ष प्रशुल्क प्रस्ताव (01.04.2016 से 31.03.2021) और टैरिफ वर्ष -1 (01.04.2016 से 31.03.2017) तथा टैरिफ वर्ष -2 (01.04.2017 से 31.03.2018) हेतु वार्षिक प्रशुल्क प्रस्ताव ।

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उपर्युक्त विषय पर परामर्श पत्र सं0 23/2017-18, दिनांक 12.09.2017 सूचना एवं टिप्पणी के लिए संलग्न है।

भवदीय,



(वी. के. सचदेवा)

उप महा प्रबंधक (वित्त)

सेवा में,

सभी पणधारी।



## **Airports Economic Regulatory Authority of India**

**TO CONSIDER THE MULTI YEAR TARIFF PROPOSAL FOR THE 2<sup>nd</sup> CONTROL PERIOD (01.04.2016 TO 31.03.2021) AND ANNUAL TARIFF PROPOSAL FOR TARIFF YEAR 1 (01.04.2016 TO 31.03.2017) AND TARIFF YEAR 2 (01.04.2017 TO 31.03.2018) OF M/S BHADRA INTERNATIONAL (INDIA) PVT LTD (M/S BHADRA) FOR PROVIDING GROUND HANDLING SERVICES AT CHENNAI INTERNATIONAL AIRPORT, CHENNAI.**

**New Delhi: 12<sup>th</sup> September, 2017**

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

M/s Bhadra International (India) Pvt Ltd submitted, online on 15<sup>th</sup> March 2016, their Multi Year Tariff Proposal for the 2<sup>nd</sup> control period (01.04.2016 to 31.03.2021) and Annual Tariff Proposal for tariff year 1 (01.04.2016 to 31.03.2017) and tariff year 2 (01.04.2017 to 31.03.2018), for determination of ground handling tariff at Chennai International Airport, Chennai. Following are the salient features of the proposal:

1	Name of the ISP	M/s Bhadra International (India) Pvt. Ltd.(M/s Bhadra)																							
2	Service	Ground Handling Service.																							
3	Airport	Chennai International Airport, Chennai																							
4	(i) Proposal under consideration          (ii) Whether Justification for proposed increase in tariffs provided by M/s Bhadra.	(i) a) MYTP for the 2 <sup>nd</sup> control period w.e.f. 01.04.2016 to 31.03.2021  b) ATP for FY 2016-17 & 2017-18 ( <b>Annexure I</b> )  (ii) Yes. Justifications submitted by M/s Bhadra for tariff increase are as follows: (a) Increase in operational cost. (b) Increase in the land license fee by AAI.																							
5	Year of Last Revision of rates with % (+/-).	The Authority fixed tariff for T1 of the 1 <sup>st</sup> control period in vide AERA Order No. 29/2011-12 dated 28.11.2011. Subsequently order was issued for T2 (1 <sup>st</sup> control period) vide Order No.36/2012-13 dated 10.01.2013 and for T3 (1 <sup>st</sup> control period) vide Order No.8/2013-14 dated 26.04.2013. The tariffs applicable on 31.03.2014 are continuing till date.																							
6	Regulatory Approach in first control period.	Authority Adopted-‘Light Touch Approach’ for the 1 <sup>st</sup> control period as the service was “material but competitive” and also determined the tariff for 1 <sup>st</sup> tariff year vide Tariff Order No. 29/2011-12 dated 28.11.2011. ( <b>Annexure II</b> )																							
7	(i) Tariff Comparison for M/s Bhadra-Existing Rates Vs Proposed Rates (ii) Tariff Comparison M/s Bhadra vs. Competitors.	(i) M/s Bhadra has submitted the comparative tariff [1 <sup>st</sup> Control period vs 2 <sup>nd</sup> Control period (1 <sup>st</sup> Tariff Year & 2 <sup>nd</sup> Tariff year)] along with justification for the proposed increase. ( <b>Annexure III</b> ) (ii) M/s Bhadra has not submitted Form F1 (b) on competition assessment for the 2 <sup>nd</sup> control period. However, M/s AIATSL is providing similar services in Chennai International Airport, Chennai. On a comparison of the existing tariff rates of M/s Bhadra and M/s AIATSL, it is observed that in international tariff, M/s Bhadra is charging higher by 20%. However, in case of domestic tariff, M/s AIATSLs rates are higher by more than 50%. ( <b>Annexure III</b> )																							
8	(i) Annual Compliance Statement (ACS) for 1 <sup>st</sup> control	(i) Key parameters: <table><tr><td></td><td colspan="5">Rs crs</td></tr><tr><td>Performance Report for the years</td><td>2011-12</td><td>2012-13</td><td>2013-14</td><td>2014-15</td><td>2015-16</td></tr><tr><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>							Rs crs					Performance Report for the years	2011-12	2012-13	2013-14	2014-15	2015-16						
	Rs crs																								
Performance Report for the years	2011-12	2012-13	2013-14	2014-15	2015-16																				

	period with key parameters Revenue, Expenditure, Operating Profit, CAPEX, Volume, PBT & PAT.	Total Revenue	40.12	51.51	74.66	79.83	96.01
		Total Expenditure	59.27	83.59	106.14	119.16	129.92
		Regulatory Operating Profit	-19.15	-32.08	-31.48	-39.33	-33.91
		Return on Average RAB	-10%	-11%	-12%	-19%	-17%
		Average RAB	55.60	112.23	111.63	102.11	88.50
		Capital Expenditure	112.17	18.48	6.04	2.72	0.36
		Total Volume-Ground handling	1000	2487	4860	6507	8504
	(ii) Comparative ACS for 1 <sup>st</sup> control period (2011-12 to 2015-16) (iii) Audited Balance Sheet	PBT & PAT: Details of consolidated PBT and PAT for 2013-14, 2014-15 and 2015-16 audited financial statement of M/s Bhadra are as follows:					
		Rs crs					
		Particulars	Financial Year				
			2013-14	2014-15	2015-16		
Total Revenue		108.66	124.68	156.55			
Total Expenses	112.60	131.63	152.70				
Earnings before interest depreciation & Amortisation	-3.94	-6.96	3.85				
Depreciation & Amortisation expense	27.03	28.60	32.88				
Finance Cost	36.40	39.45	37.57				
Profit before tax (PBT)	-67.37	-75.00	-66.60				
Tax Expenses	-	-	-				
Profit after tax (PAT)	-67.37	-75.00	-66.60				
	(ii) Comparative ACS for 1 <sup>st</sup> control period, 2011-12 to 2015-16 is annexed with the CP. (Annexure IV)	(iii) M/s Bhadra has submitted audited financial Statement for 2015-16, 2014-15 and 2013-14. (Annexure V)					
9	Whether copy of User Agreements/Concession Agreement provided by M/s Bhadra.	User Agreements have been submitted by M/s Bhadra.					
10	Evidence of Stakeholder Consultation done by M/s Bhadra with reference to their	1. List of Stakeholders			Evidence for stakeholder consultation has not been submitted.		
		2. Meeting Notice					
		3. Minutes of the meeting with the attendance sheet of the participants.					



	proposed MYTP-ATP submitted to AERA.	4. Comments of the Stakeholders	
		5. Redressal of stakeholder's concerns, if any,	
<b>11</b>	License Fee	<p>As per the license agreement(<b>Annexure VI</b>), the license fee (royalty) is to be determined as follows:</p> <p>a) Minimum Amount of royalty of 13% of the gross turnover.</p> <p>b) Additional amount of royalty of 19.5% on the gross annual turnover.</p> <p>Note 1 : 'Gross Annual Turnover' will be the actual turnover during the year or the minimum turnover of Rs 211 crore as specified in the license agreement, whichever is higher.</p> <p>Note 2: M/s Bhadra has gone into arbitration on the license fee claimed by AAI.</p>	
<b>12</b>	Examination of the proposal as per the "Light Touch" approach parameters provided in the CGF guidelines, 2011.	<b>Parameter</b>	<b>Status</b>
		1. Materiality Index (MI)	Material (10.47%).
		2. Competition	M/s Bhadra has not submitted Form F1 (b) on competition assessment for the 2 <sup>nd</sup> control period. M/s AIATSL is providing similar services in Chennai International Airport
		3. Reasonableness of user agreements.	M/s Bhadra has valid user agreements and the same have been submitted.
<b>13</b>	Remarks :	<p>i) M/s Bhadra has submitted the MYTP for the 2<sup>nd</sup> control period and ATP for 1<sup>st</sup> and 2<sup>nd</sup> tariff year of the 2<sup>nd</sup> control period, proposing an increase in the upper limit of tariffs. The increase in domestic maximum tariff rates range from 8% to 117% and that in international maximum tariff increase ranges from 1.5% to 32%</p> <p>ii) M/s Bhadra has not submitted any evidence of stakeholder consultation for the 2<sup>nd</sup> control period.</p> <p>iii) As per 'Form F9- Formats for forecast and actual roll forward regulatory asset base', M/s Bhadra does not plan for any capital expenditure in 2<sup>nd</sup> control period.</p> <p>(iv) As per the projected volume data for the 2<sup>nd</sup> control period furnished in Form F12(c) "Projected Aircraft Movement", aircraft movement is projected to increase by 196%, 51%, 9% and 7% p.a. in 2017-18, 2018-19, 2019-20, 2020-21</p>	

		<p>respectively in the 2<sup>nd</sup> control period.</p> <p>v) <u>Justification for increase in Tariff:</u>  M/s Bhadra has provided the following justification for tariff increase- '<i>Due to hike in operational cost over the year which is being proposed to be partially charged in the revised upper limit of prices</i>'. However, on a review of both the historical and projected revenue and the operating expenditure following was observed:</p> <p>(a) During 2011-12 to 2015-16, both revenue and expenditure displayed a growing trend. Though there has been a rise in the expenditure, revenue has also grown and that too at a rate higher than that of the expenditure.</p> <p>(b) The projected data submitted for the second control period (2016-17 to 2020-21) is showing a consistent growth in revenue and expenditure (approx 18%)</p>
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2.1 As stipulated in Clause 3 of the guidelines, the Authority shall follow a three stage process for determining its approach to the regulation of regulated service-

- (i) 'Materiality' as per Clause 4 of the CGF Guidelines, 2011;
- (ii) 'Competition' as per Clause 5 of the CGF Guidelines, 2011; and
- (iii) Reasonability of User Agreement(s) as per Clause 6 of the CGF Guidelines, 2011.

2.2 The materiality index for service provided for ground handling facility at a major airport A shall be defined as:

$$\text{Materiality Index (MI}_C\text{)} = \frac{\text{Int. Aircraft movement at major airport A}}{\text{Total Int. aircraft movement at Major Airports}} \times 100$$

Where the MI<sub>C</sub>, as calculated above is 5% or more at a major airport, the service shall be deemed 'material'.

2.3 As per the AERA order no.15/2016-17 dated 12<sup>th</sup> Jan 2017 on the provisions of NCAP-2016, the airport operator will ensure that there will be three ground handling agencies (GHA) including Air India's subsidiary/JV at all major airports to ensure fair competition.

2.4 As per Clause 6 of the guidelines, 2011, the Authority shall consider the existing User Agreement(s) as reasonable provided that:

- (i) *"The Service Provider submits existing User Agreement(s) between the Service Provider and all the User(s) of the Regulated Service(s), clearly Indicating the tariff(s) that are agreed to between the Service Provider and the User(s) of the Regulated Service(s) and*
- (ii) *The User(s) of the Regulated Service(s) have not raised any reasonable objections or concerns in regard to the existing User Agreement(s) which have not been appropriately addressed".*

- 2.5 As per Clause 3.2 (i) of the guidelines, wherever the regulated service provided is 'not material', the Authority shall determine Tariff(s) for service Provider (s) based on a 'light touch approach' for the duration of the control period, according to the provisions of chapter V.
- 2.6 In terms of Clause 7.3 of the Guidelines, the Authority shall upon due consideration of the MYTP and stakeholder consultations thereon and after obtaining such additional information, as it may consider necessary, make a MYTO for a Control Period.
- 2.7 As per Clause 11.2, the ATP is required to be submitted in the manner and form provided in AI. 8.1 of Appendix I and should be supported by the following documents:
- 2.7.1 Form B and Form 14(b)
  - 2.7.2 Details of consultation with stakeholders
  - 2.7.3 Evidence of User Agreements clearly indicating the Tariff proposed by the Service Provider.

### **3 Examination**

- 3.1 The ground handling service rendered by M/s Bhadra at Chennai International Airport, Chennai is an "aeronautical service" in terms of section 2(a) of the Airports Economics Regulatory Authority of India Act, 2008 (Act) whereas under section 13 (1)(a) of the Act, the Authority is required to determine tariff for aeronautical services.
- 3.2 The Materiality Index (MI) for Ground handling services at Chennai International Airport, Chennai is 10.47% based on the aircraft movement statistics for the FY 2014-15 and hence, is deemed as 'material'.
- 3.3 With respect to competition, only M/s AIATSL is operating in Chennai International Airport and providing similar services. As per AERA order no.15/2016-17 dated 12<sup>th</sup> Jan 2017, there must be 3 or more service providers, including Air India subsidiaries/Joint Ventures, in a major airport in order to consider the service as competitive. Hence the regulated service is "not competitive".
- 3.4 M/s Bhadra has submitted valid user agreements and the license agreement.
- 3.5 Financial Data:  
Aircraft movement is projected to increase by 196%, 51%, 9% and 7% p.a. in 2017-18, 2018-19, 2019-20 and 2020-21 respectively in the 2<sup>nd</sup> control period. Both the revenue and expenditure is projected to grow consistently by 18% (approx.) in the 2<sup>nd</sup> control period.
- 3.6 M/s Bhadra in their Annual Tariff Proposal have submitted Form-B and Annual Tariff Proposal (Form 14(b)) along with the submission. The increase in domestic maximum tariff rates range from 8% to 117% and that in international maximum tariff increase ranges from 1.5% to 32%

### **4 Proposal**

The Authority after careful consideration of the MYTP for FY 2016-17 to FY 2020-21 and ATP for FY 2016-17 & 2017-18 makes the following proposal for stakeholder consultation:

- 4.1 Ground Handling Service being provided by M/s Bhadra is “Material but not competitive”. M/s Bhadra has submitted their Concession Agreement and user agreements. Therefore the Authority proposes to continue the tariff existing as on 31.03.2014, which was applicable in year 2015-16 also, under ‘Light Touch Approach’ for determination of tariffs for the 2<sup>nd</sup> control period w.e.f. 01.04.2016 to 31.03.2021.
- 4.2 In view of the increase in Aircraft movement and increase in projected revenue, allow the continuation of the tariff as on 31<sup>st</sup> March 2014, which was applicable in year 2015-16 also, in year 2016-17.
- 4.3 Consider the Annual Tariff Proposal for 2017-18 for the purpose of determination of tariff for the year 2017-18. Authority has proposed not to allow any increase in rates effective as on 31.03.2014, which was applicable in year 2015-16 also, will be applicable for TY 2017-18 due to the reason that rates charged by M/s Bhadra from users are much lower than the rates determined by AERA for the 1<sup>st</sup> control period as effective till 31.03.2014 and continued till year 2015-16.
- 4.4 The Authority will review the financial performance and other parameters of M/s Bhadra before determining the tariffs for the remaining period of the 2<sup>nd</sup> Control Period i.e FY.2018-19 to FY. 2020-21.
- 4.5 In accordance with the provisions of Section 13(4) of the AERA Act, the proposal contained in para 4 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 hereto and by making such decision fully documented and explained in terms of the provisions of the Act.

The Authority welcomes written evidence-based feedback, comments and suggestions from stakeholders on the proposal made in para 4 above, latest by **3<sup>rd</sup> October, 2017** 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](mailto:puja.jindal@nic.in)**

**Tel: 011-24695042  
Fax: 011-24695039**

**(S. Machendranathan)  
Chairperson**



### A- International Maximum Tariff.

Existing AEREA approved Tariff For 2011-12, 2012-13, 2013-14, 2014-15 & 2015-16				New Purposed Rate For 2016-17 & 2017-18			
ICAO Code			Tariff per Flight in (INR)	ICAO Code			Tariff per Flight in (INR)
<b>[a]- Passenger International Flights</b>				<b>[a]- Passenger International Flights</b>			
Code B				Code B		Upper Limit	24,738
Code B1				Code B1		Upper Limit	36,104
Code C1				Code C1		Upper Limit	51,148
Code C	A320 (Narrow Body)	Upper Limit	125,208	Code C		Upper Limit	127,034
Code D	A300/310 (Wide Body)	Upper Limit	155,100	Code D	A330/310	Upper Limit	216,626
Code E	747/777 (Wide Body)	Upper Limit	202,100	Code E	747/777 (Wide Body)	Upper Limit	300,870
Code F				Code F		Upper Limit	240,696
						Upper Limit	247,382
<b>[b]- Freighter International Flights</b>				<b>[b]- Freighter International Flights</b>			
Code B		Upper Limit		Code B		Upper Limit	
Code B1		Upper Limit		Code B1		Upper Limit	
Code C1		Upper Limit		Code C1		Upper Limit	48,139
Code C		Upper Limit		Code C		Upper Limit	120,348
Code D		Upper Limit	211,500	Code D		Upper Limit	240,696
Code E		Upper Limit		Code E		Upper Limit	300,870
Code F		Upper Limit		Code F		Upper Limit	247,382

### B- Domestic Maximum Tariff.

<b>[a]- Passenger Flights</b>				<b>[a]- Passenger Flights</b>			
Code B				Code B		Upper Limit	19,000
Code B1				Code B1		Upper Limit	19,800
Code C1				Code C1		Upper Limit	41,400
Code C		Upper Limit	45,000	Code C		Upper Limit	63,000
Code D		Upper Limit	54,000	Code D		Upper Limit	117,000
Code E		Upper Limit	99,000	Code E		Upper Limit	171,000
Code F				Code F		Upper Limit	153,000
<b>b- Freighter Flights</b>				<b>b- Freighter Flights</b>			
Code B				Code B		Upper Limit	
Code B1				Code B1		Upper Limit	
Code C1		Upper Limit	21,620	Code C1		Upper Limit	36,000
Code C				Code C		Upper Limit	63,000
Code D	A-310	Upper Limit	74,730	Code D	A-310	Upper Limit	117,000
Code E				Code E		Upper Limit	81,000
Code F				Code F		Upper Limit	171,000
						Upper Limit	126,000

#### Justification for increase, if any, in Tariff sought

- Due to increasing operational cost over the year which is being proposed to be partially charged in the revised upper limit of prices.
- In view of the various increases in the cost structure and around 40% hike in the central minimum wages act and having impact on other contractual obligations like PF, ESI etc during the last five years and recent major hike in wages.
- During the last five years there had been major increase in almost all other costs.
- Keeping in view the revised policy where the self-handling has also been allowed the scope for the absorption of cost becomes difficult and hence the increase is proposed rate.
- Abnormal increase in the land license fees rates by AAI w.e.f. 01/10/2014 (Copy Attached), where earlier rate of Rs. 2700 p.s.m.p.a. has gone up to Rs. 6300 p.s.m.p.a.





A- International Carriers Maximum Tariff.				B- Domestic Carriers Maximum Tariff.			
New Purposed Rate For 2016-17 & 2017-18				New Purposed Rate For 2016-17 & 2017-18			
ICAO Code	Aircraft Type		Tariff per Flight in (INR)	ICAO Code	Aircraft Type		Tariff per Flight in (INR)
[a]- Passenger International Flights				[a]- Passenger Domestic Flights			
Code B	Single Engine Aircraft, test-int	Upper Limit	24,738	Code B	Single Engine Aircraft, test-int	Upper Limit	19,000
Code B1	Dornier	Upper Limit	36,104	Code B1	Dornier	Upper Limit	19,800
Code C1	EMB 135, ATR 72, EMB 170	Upper Limit	51,148	Code C1	EMB 135, ATR 72, EMB 170	Upper Limit	41,400
Code C	YAK 40, ATR 42, F27, F50, AN 24, ATR 72, AN 26, F28, F70, F100, YAK 42, B717, A318, A319, A320, A321, B727, B737, BBJ, "MD81 to MD 90", DC 9, TU 134A	Upper Limit	127,034	Code C	YAK 40, ATR 42, F27, F50, AN 24, ATR 72, AN 26, F28, F70, F100, YAK 42, B717, A318, A319, A320, A321, B727, B737, BBJ, "MD81 to MD 90", DC 9, TU 134A	Upper Limit	63,000
Code D	B 727-100, B 757, B 767, A 767 F, B-767, A300-600, A-310, A-310-F, B 707, DC 8, DC 10, B 787-300, MD 11, MD 11-F	Upper Limit	216,626	Code D	B 727-100, B 757, B 767, A 767 F, B-767, A300-600, A-310, A-310-F, B 707, DC 8, DC 10, B 787-300, MD 11, MD 11-F	Upper Limit	117,000
Code E	A330-200, A 330-309, B 787-B00, A-340, B- 747, B-747SP, B 747-200, B-777, B777-200F, B 787-900, IL 96	Upper Limit	300,870	Code E	A330-200, A 330-309, B 787-800, A-340, B- 747, B-747SP, B 747-200, B-777, B777-200F, B 787-900, IL 96	Upper Limit	171,000
Code F	A 380	Upper Limit	247,382	Code F	A 380	Upper Limit	153,000
[b]- Freighter International Flights				[b]- Freighter Domestic Flights			
Code B		Upper Limit		Code B		Upper Limit	
Code B1		Upper Limit		Code B1		Upper Limit	
Code C1	EMB 135, ATR 72, EMB 170	Upper Limit	48,139	Code C1	EMB 135, ATR 72, EMB 170	Upper Limit	36,000
Code C	YAK 40, ATR 42, F27, F50, AN 24, ATR 72, AN 26, F28, F70, F100, YAK 42, B717, A318, A319, A320, A321, B727, B737, BBJ, "MD81 to MD 90", DC 9, TU 134A	Upper Limit	120,348	Code C	YAK 40, ATR 42, F27, F50, AN 24, ATR 72, AN 26, F28, F70, F100, YAK 42, B717, A318, A319, A320, A321, B727, B737, BBJ, "MD81 to MD 90", DC 9, TU 134A	Upper Limit	63,000
Code D	B 727-100, B 757, B 767, A 767 F, B-767, A300-600, A-310, A-310-F, B 707, DC 8, DC 10, B 787-300, MD 11, MD 11-F	Upper Limit	240,696	Code D	B 727-100, B 757, B 767, A 767 F, B-767, A300-600, A-310, A-310-F, B 707, DC 8, DC 10, B 787-300, MD 11, MD 11-F	Upper Limit	117,000
Code E	A330-200, A 330-309, B 787-800, A-340, B- 747, B-747SP, B 747-200, B-777, B777-200F, B 787-900, IL 96	Upper Limit	300,870	Code E	A330-200, A 330-309, B 787-800, A-340, B- 747, B-747SP, B 747-200, B-777, B777-200F, B 787-900, IL 96	Upper Limit	171,000
Code F	A 380	Upper Limit	247,382	Code F	A 380	Upper Limit	126,000



A- NSO's International Flights Maximum Tariff.				B- NSO's Domestic Flights Maximum Tariff.			
New Purposed Rate For 2016-17 & 2017-18				New Purposed Rate For 2016-17 & 2017-18			
ICAO Code	Aircraft Type		Tariff per Flight in (INR)	ICAO Code	Aircraft Type		Tariff per Flight in (INR)
Code B	Single Engine Aircraft, test-int	Upper Limit	30,087	Code B	Single Engine Aircraft, test-int	Upper Limit	29,700
Code B1	Dornier	Upper Limit	42,122	Code B1	Dornier	Upper Limit	21,700
Code C1	EMB 135, ATR 72, EMB 170	Upper Limit	60,174	Code C1	EMB 135, ATR 72, EMB 170	Upper Limit	50,400
Code C	YAK 40, ATR 42, F27, F50, AN 24, ATR 72, AN 26, F28, F70, F100, YAK 42, B717, A318, A319, A320, A321, B727, B737, BBJ, "MD81 to MD 90", DC 9, TU 134A	Upper Limit	150,435	Code C	YAK 40, ATR 42, F27, F50, AN 24, ATR 72, AN 26, F28, F70, F100, YAK 42, B717, A318, A319, A320, A321, B727, B737, BBJ, "MD81 to MD 90", DC 9, TU 134A	Upper Limit	99,000
Code D	B 727-100, B 757, B 767, A 767 F, B-767, A300-600, A-310, A-310-F, B 707, DC 8, DC 10, B 787-300, MD 11, MD 11-F	Upper Limit	240,696	Code D	B 727-100, B 757, B 767, A 767 F, B-767, A300-600, A-310, A-310-F, B 707, DC 8, DC 10, B 787-300, MD 11, MD 11-F	Upper Limit	144,000
Code E	A330-200, A 330-309, B 787-800, A-340, B- 747, B-747SP, B 747-200, B-777, B777-200F, B 787-900, IL 96	Upper Limit	300,870	Code E	A330-200, A 330-309, B 787-800, A-340, B- 747, B-747SP, B 747-200, B-777, B777-200F, B 787-900, IL 96	Upper Limit	198,000
Code F	A 380	Upper Limit	247,382	Code F	A 380	Upper Limit	162,000





[F.No. AERA/20010/MYTP/Bhadra/GH/Chennai/2011-12]

**Airports Economic Regulatory Authority of India**

**Order No. 29/2011-12**

**AERA Building,  
Administrative Complex,  
Safdarjung Airport,  
New Delhi - 110 003**

**Date of Order : 28<sup>th</sup> November, 2011**

**Date of Issue : 5<sup>th</sup> December, 2011**

**In the matter of Multi Year Tariff Proposal for 1<sup>st</sup> Control Period submitted by Bhadra International India Ltd., for providing Ground Handling Services at Chennai International Airport, Chennai.**

Bhadra International India Limited (Bhadra), have vide their application dated 30.04.2011, and subsequent communications submitted their Multi Year Tariff Proposal (MYTP) for the first control period commencing 01.04.2011, in respect of the tariff for the services provided for ground handling facility at Chennai International Airport, Chennai. Bhadra have also submitted the Annual Tariff Proposal (ATP) for the First Tariff year requesting for approval of the tariff to be applicable from 01.04.2011.

2. Briefly, the facts of the case are as under:-

2.1 Bhadra have sought approval for the tariff for ground handling services for the first control period (period of 5 years commencing 01.04.2011) based on a "light touch approach" as specified in Chapter V of 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). Bhadra have further sought approval for the Annual Tariff Proposal seeking approval of the rates w.e.f. 01.04.2011 on the basis of user consultation.

2.2 As stipulated in the Guidelines, the Authority shall follow a three stage process for determining its approach to the regulation of a regulated service-

- a) Materiality Assessment;
- b) Competition Assessment;
- c) Assessment of reasonableness of the User Agreements between the service providers and the users of the regulated services.





The ground handling service being provided at Chennai International Airport, Chennai has a materiality index of 11.3%, which is greater than 5% materiality Index fixed for the subject service, hence the service is deemed as "material", in terms of Clause 4.3 of the Guidelines.

- 2.3 As per the information furnished by Bhadra in Form F1 (b) on the Competition Assessment, following service provider is rendering similar service at Chennai International Airport:
  - (i) M/s Air India SATS
- 2.4 The Guidelines provide that where a regulated service is being provided at a major airport by two or more service providers(s), it shall be deemed 'competitive' at that airport. In the instant case with the total number of players being two, the service is deemed 'material but competitive.'
- 2.5 It was observed that in the instant case the ground handling services at Chennai International Airport, Chennai being provided by Bhadra is "material but competitive" and hence may be regulated under light touch approach for tariff determination.
- 2.6 The Authority, vide its Order No.17/2010-11 dated 31.03.2011, while extending the timeline for submission of MYTP by the independent service providers upto 30.04.2011 had also decided that, in the interim, all ISP(s) may continue to charge the tariffs as prevalent on 01.09.2009 or as may have been approved/determined by the Authority thereafter with effect from 01.4.2011 and upto the date when the new tariffs as may be approved by the Authority became applicable and that this interim arrangement would be subject to the condition that the concerned independent service providers submit the MYTP latest by 30.04.2011. In case any service provider(s) fails to submit MYTP on or before 30.4.2011, the interim arrangement in respect of such service provider (s) would cease to be effective.
- 2.7 Further, Bhadra had also submitted the MYTP for ground handling services provided by them in respect of Chennai International Airport, Chennai as per the timelines prescribed in the Guidelines.

3. The Authority, vide Consultation Paper No. 26/2011-12, dated 24.10.2011, proposed for stakeholder Consultation that the ground handling services provided by Bhadra at Chennai International Airport, Chennai is "material but competitive" and hence the Authority may adopt a, "Light Touch Approach" for determination of tariff in the first control period w.e.f. 01.04.2011. Since, the tariff is to be determined under light touch approach and keeping in view the precedents in other cases, the Authority decided to propose for stakeholder consultation that the ATP, as submitted by Bhadra, may be considered at this stage itself and that the ATP may be made



effective from 1.04.2011 or such other prospective date as the Authority may finally decide.

4.1 In response to the said Consultation Paper, comments were received from Bhadra vide their letter no. Bhadra/AERA.MYTP/2011-12 dated 03.11.2011 and from Deccan Charters Ltd., vide their letter no. DCL/AERA/MYTP/2011-12 dated 11.11.2011. Cambata's comments pertain to the eligibility criteria/AAI tender norms while awarding the contract to Bhadra, and are not related to the proposal in the Consultation Paper.

4.2 Deccan Charters Limited have stated that the proposed charges are exorbitant and has asked the Authority to verify the calculations given by various ground handlers. The Authority observed that as per the Guidelines, wherever the service is being provided by two or more players it is deemed "competitive" and the Authority shall adopt a light touch approach for determination of tariff for the said services. In the instant case, Bhadra has stated that Air India SATS is a competitor at Chennai Airport. In addition, Bhadra have, in their submissions, also highlighted that Cambata Aviation is a 'non-entitled' entity carrying out the ground handling services at Chennai Airport. Hence, with more than two service providers, the MYTP is being considered under light touch approach. The contention that the exorbitant charges are mainly due to the high royalties charged by AAI cannot be commented upon by the Authority as the same is outside the jurisdiction of the Authority.

5. The Authority considered the submissions made by the stakeholders and observed that:

- (i) Bhadra is providing ground handling services at Chennai airport, which is "material but competitive".
- (ii) Cambata have stated that Bhadra, apparently, does not qualify to be a ground handler in accordance with the provisions of AAI's tender for Ground Handlers at Chennai airport. However, appointment of entities for providing various aeronautical services at airports does not fall within the Authority's jurisdiction. The Authority is mandated only to determine tariff for aeronautical services provided at major airports. Hence, Cambata may take up this issue with the concerned agency, i.e., AAI.
- (iii) As regards the comments of Deccan Charters, the Authority observed that as per the Order and Guidelines issued for economic regulation of services for Cargo Facility, Ground Handling and Supply of Fuel by ISPs, a situation where such service is provided by two or more service providers, will be deemed to be competitive and the Authority will adopt a light touch approach for determination of tariffs for such services, instead of Price Cap mechanism. Thus, the Authority has correctly proposed to adopt light touch approach while determining tariff for ground handling services provided by Bhadra at Chennai





airport, since the ground handling service is being provided by more than two service providers at Chennai International Airport, Chennai.

6. **ORDER:**

Upon careful consideration of material available on record, the Authority, in exercise of powers conferred by Section 13(1)(a) of the Act, hereby orders that:

- (i) The service for ground handling services being provided by Bhadra at Chennai International Airport is "material but competitive". Hence, the Authority will adopt a "light touch approach" for tariff determination for the 1<sup>st</sup> Control period w.e.f. 01.04.2011.
- (ii) The tariff for the ground handling services provided by Bhadra at Chennai International Airport is determined, as at **Annexure- I** w.e.f. 1.04.2011.

By the Order of and in the  
Name of the Authority

  
(Capt. Kapil Chaudhary)  
Secretary

To

M/s Bhadra International India Limited,  
B-4/62, Safdarjung Enclave,  
New Delhi – 110 029  
(Through: Shri Prem Bajaj, Chairman and Managing Director)



**Bhadra International India Limited****Station Name: Chennai International Airport, Chennai**

<b>Tariff Heading</b>	<b>Conditions of Tariff</b>
<b>A-International</b>	Maximum Tariff per Flight in (INR)
<b>a-Passenger Flights</b>	
A320(Narrow Body)Upper Limit	1,25,208
A320(Narrow Body)Lower Limit	83,472
A300/310 Upper Limit	1,55,100
A300/310 Lower Limit	1,36,300
Wide Body(747/777)Lower Limit	1,73,900
Wide Body(747/777)Upper Limit	2,02,100
<b>b-Freighter</b>	
Freighter Lower Limit	1,55,100
Freighter Upper Limit	2,11,500
<b>B-Domestic</b>	
<b>a- Passenger Flights</b>	
Learjet, Jetstream, DH6, C560	12,600
YAK40, CL60, F50, F27, F28, C750, AN24, ATR42, ATR72, HS748, HS125, DA90, G-2 to GB, TU124, TU134, CRJ, EM4, CV580, BAC111, BE2	20,250
AN8, AN12, B737-100/200, IL18, DC9, MD82, F70, F100	36,000
A320, A321, B727, B737-500 to 800, C130, MD 83/87/88/90, TU154, TU104	45,000
B757, TU204, B707, C106	45,000
A310, A300, A330, B767, IL62, IL76, DC8, 787-3	54,000
A340, B777, DC10, IL86, IL96, MD11, L1011, B747, AN124	99,000
<b>b-Freighter</b>	
Freighter A310	74,730
Freighter ATR	21,620



## TARIFF COMPARISON-EXISTING VS PROPOSED

Existing				Proposed:2016-17 & 2017-18				
ICAO Code	Aircraft type	Limit	Tariff Per flight (in INR)	ICAO Code	Aircraft type	Limit	Tariff Per flight (in INR)	% Increase/ (decrease)
<b>International Maximum Tariff</b>								
(a) Passenger International Flights				(a) Passenger International Flights				
Code B				Code B		Upper limit	24738	
Code B1				Code B1		Upper limit	36104	
Code C1				Code C1		Upper limit	51148	
Code C	A320 (Narrow Body)	Upper limit	1,25,208	Code C		Upper limit	127034	1.5%
Code D				Code D		Upper limit	216626	
Code D	A300/310 (Wide Body)	Upper limit	1,55,100	Code D	A300/310	Upper limit	204592	31.9%
Code E				Code E		Upper limit	300870	
Code E	747/777 (Wide Body)	Upper limit	2,02,100	Code E	747/777 (Wide Body)	Upper limit	240696	19.1%
Code F				Code F		Upper limit	247382	
(b) Freighter International Flights				(b) Freighter International Flights				
Code B		Upper limit		Code B		Upper limit		
Code B1		Upper limit		Code B1		Upper limit		
Code C1		Upper limit		Code C1		Upper limit	48139	
Code C		Upper limit		Code C		Upper limit	120348	
Code D		Upper limit	2,11,500	Code D		Upper limit	240696	13.8%
Code E		Upper limit		Code E		Upper limit	300870	
Code F		Upper limit		Code F		Upper limit	247382	
<b>Domestic Maximum Tariff</b>								
(a) Passenger International Flights				(a) Passenger International Flights				
Code B				Code B		Upper limit	19000	
Code B1				Code B1		Upper limit	19800	
Code C1				Code C1		Upper limit	41400	
Code C		Upper limit	45,000	Code C		Upper limit	63000	40.0%
Code D		Upper limit	54,000	Code D		Upper limit	117000	116.7%
Code E		Upper limit	99,000	Code E		Upper limit	171000	72.7%
Code F				Code F		Upper limit	153000	
(b) Freighter International Flights				(b) Freighter International Flights				
Code B				Code B		Upper limit		
Code B1				Code B1		Upper limit		
Code C1		Upper limit	21,620	Code C1		Upper limit	36000	66.5%
Code C				Code C		Upper limit	63000	
Code D				Code D		Upper limit	117000	
Code D	A-310	Upper limit	74,730	Code D	A-310	Upper limit	81000	8.4%
Code E				Code E		Upper limit	171000	
Code F				Code F		Upper limit	126000	

EXISTING TARIFF COMPARISON-M/S BHADRA VS M/S AIATSL						
Particulars	BHADRA		AIATSL		% variation (International) (Bhadra vs AIATSL)	% variation (Domestic) (Bhadra vs AIATSL)
	Scheduled International	Scheduled Domestic	Scheduled International	Scheduled Domestic		
A-Single Engine Aircraft	-	-	-	38,700	-	-
B-ATR/Embraer/CRJ	-	-	50,000	46,500	-	-
C-A319/A320/A321/B737	1,25,208	45,000	1,04,000	94,750	20.39	(52.51)
D-A300/A310/B767	1,55,100	54,000	1,45,600	1,32,600	6.52	(59.28)
E-A330/B787/B777	2,02,100	54,000	1,82,000	1,65,800	11.04	(67.43)
F-A340/B747	2,02,100	99,000	2,18,400	1,90,000	(7.46)	(47.89)
G-A380	-	-	2,62,000	-	-	-



COMPARATIVE STATEMENT OF ACS FOR THE **TARIFF YEAR 1 TO 5**

(TOTAL REVENUE-TOTAL COST)

( Refer AL.9 of the Guidelines and Form No. 16)

CHENNAI

Rs. In Crs.

Sl No.	Performance Report for the years	2011-12	2012-13	2013-14	2014-15	2015-16
1	<b>Regulated revenue :</b>	<b>39.0383</b>	<b>49.9875</b>	<b>73.1805</b>	<b>78.7526</b>	<b>94.4490</b>
2	Regulated Services-Ground Handling	9.4893	23.1160	47.2997	51.7298	61.4027
3	-Cargo Handling	29.5490	26.8716	25.8808	27.0228	33.0463
4	Other than Regulated Services	1.0781	1.5181	1.4801	1.0761	1.5598
5	<b>Total Revenue {(1)+(4)}</b>	<b>40.1164</b>	<b>51.5056</b>	<b>74.6607</b>	<b>79.8287</b>	<b>96.0087</b>
	<b>Expenditure:</b>					
6	Operating Expenditure	40.8242	51.1746	74.1156	84.7926	95.4558
7	Finance Cost	13.3349	20.1433	18.5687	20.0700	18.4967
8	Depreciation	5.1084	12.2676	13.4593	14.2963	15.9646
9	<b>Total Expenditure{(6)+(7)+(8)}</b>	<b>59.2675</b>	<b>83.5855</b>	<b>106.1436</b>	<b>119.1590</b>	<b>129.9171</b>
10	<b>Regulatory Operating Profit {(5)-(9)}</b>	<b>(19.1510)</b>	<b>(32.0799)</b>	<b>(31.4829)</b>	<b>(39.3303)</b>	<b>(33.9084)</b>
11	Capital Expenditure	112.1671	18.4792	6.0351	2.7215	0.3626
12	Opening RAB	2.0697	109.1283	115.3399	107.9158	96.2996
13	Disposals /Transfers	-	-	-	0.0413	-
14	Depreciation	5.1084	12.2676	13.4593	14.2963	15.9646
15	<b>Closing RAB {(11+12-13-14)}</b>	<b>109.1283</b>	<b>115.3399</b>	<b>107.9158</b>	<b>96.2996</b>	<b>80.6977</b>
16	<b>Average RAB{(12+15)/2}</b>	<b>55.5990</b>	<b>112.2341</b>	<b>111.6279</b>	<b>102.1077</b>	<b>88.4986</b>
17	<b>Return on Average RAB {(10)/(16)}</b>	<b>(0.3444)</b>	<b>(0.2858)</b>	<b>(0.2820)</b>	<b>(0.3852)</b>	<b>(0.3832)</b>
18	Total Volume (MT)-Ground handling	1,000	2,487	4,860	6,507	8,504
	<b>Actual Yield Per Unit {(1)/(18)}-In Rs</b>	<b>94.893</b>	<b>92.947</b>	<b>97.324</b>	<b>79.499</b>	<b>72.204</b>

Note: Details of Disposal/transfers have not been provided by M/s Bhadra for years 2011-12 to 2013-14. Hence the comparison has been done assuming NIL Disposal/transfer during the years 2011-12 to 2013-14.

Additional Information (As per Audited Consolidated Profit & Loss Account):

Rs Crs

Particulars	Financial Year		
	2013-14	2014-15	2015-16
<b>Revenue:</b>			
Revenue from Operations	106.51	123.00	154.01
Other Income	2.15	1.68	2.54
<b>Total Revenue (i)</b>	<b>108.66</b>	<b>124.68</b>	<b>156.55</b>
<b>Expenses:</b>			
Employee benefit expenses	47.51	56.35	65.46
Other expenses	65.09	75.28	87.24
<b>Total Expenses (ii)</b>	<b>112.60</b>	<b>131.63</b>	<b>152.70</b>
<b>Earnings before interest depreciation &amp; Amortisation {(i)-(ii)}=(iii)</b>	<b>(3.94)</b>	<b>(6.96)</b>	<b>3.85</b>
Depreciation & Amortisation expense (iv)	27.03	28.60	32.88
Finance Cost (v)	36.40	39.45	37.57
<b>Profit before tax (PBT){(iii)-(iv)-(v)}=(vi)</b>	<b>(67.37)</b>	<b>(75.00)</b>	<b>(66.60)</b>
<b>Tax Expenses (vii)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Current Tax	-	-	-
Deferred tax expense/(credit)	-	-	-
<b>Profit after tax (PAT) {(vi)-(vii)}</b>	<b>(67.37)</b>	<b>(75.00)</b>	<b>(66.60)</b>
<b>ACS data for other stations (For the purpose of reconciliation):</b>			
Total Revenue-Trivandrum	6.96	9.03	11.80
Total Revenue-Calicut	12.24	12.23	10.31
Total Revenue-Kolkata	11.41	14.82	24.39
Total Revenue-Other Airports	3.38	8.77	14.04
Total Operating Expenditure-Trivandrum	8.14	9.78	12.19
Total Operating Expenditure-Calicut	10.34	10.36	9.57
Total Operating Expenditure-Kolkata	15.63	18.87	24.81
Total Operating Expenditure-Other airports	4.37	7.83	10.68
Total Depreciation-Trivandrum	2.57	2.67	3.07
Total Depreciation-Calicut	3.12	3.31	3.70
Total Depreciation-Kolkata	5.45	5.72	6.78
Total Depreciation-Other Airports	2.44	2.61	3.37
Total Finance Cost-Trivandrum	3.38	3.62	3.47
Total Finance Cost-Calicut	4.19	4.52	4.14
Total Finance Cost-Kolkata	7.10	7.69	7.64
Total Finance Cost-Other airports	3.14	3.55	3.82
Reconciliation (ACS Revenue Vs Audited Financial Statement Revenue)	0.01	0.00	0.00
Reconciliation (ACS Expenditure Vs Audited Financial Statement Expenditure)	0.00	(0.00)	0.00
Reconciliation (ACS Depreciation Vs Audited Financial Statement Depreciation)	0.00	0.00	0.00
Reconciliation (ACS Finance Cost Vs Audited Financial Statement Finance Cost)	0.01	0.00	0.00



Bhadra International (India) Private Limited  
Balance sheet as at 31 March 2016  
(Amount in Indian rupees unless stated otherwise)

	Note	As at 31 March 2016	As at 31 March 2015
<b>EQUITY AND LIABILITIES</b>			
Shareholders' funds			
Share capital	3	598,588,100	598,588,100
Reserves and surplus	4	(2,591,206,859)	(1,925,240,446)
		(1,992,618,759)	(1,326,652,346)
Non-current liabilities			
Long-term borrowings	5	2,762,909,530	3,145,109,240
Long-term provisions	6	36,130,127	32,764,178
		2,799,039,657	3,177,873,418
Current liabilities			
Short-term borrowings	7	194,632,082	160,228,931
Trade payables			
a) Total outstanding dues to micro enterprises and small enterprises	8	680,296	-
b) Total outstanding dues to parties other than micro enterprises and small enterprises	8	1,004,921,169	558,870,215
Other current liabilities	9	893,888,915	633,708,054
Short-term provisions	10	9,581,843	3,113,296
		2,103,704,305	1,355,920,496
<b>TOTAL</b>		<b>2,910,125,203</b>	<b>3,207,141,568</b>
<b>ASSETS</b>			
Non-current assets			
Fixed assets			
Tangible assets	11	1,619,994,484	1,881,690,547
Intangible assets	11	37,494	60,962,234
Long-term loans and advances	12	728,603,039	779,724,241
Other non-current assets	13	86,875,126	88,696,505
		2,435,510,143	2,811,123,527
Current assets			
Inventories	14	1,743,077	1,930,208
Trade receivables	15	242,382,395	233,192,834
Cash and bank balances	16	63,940,850	41,930,276
Short-term loans and advances	17	159,908,756	111,976,374
Other current assets	18	6,739,982	6,788,349
		474,615,060	396,018,041
<b>TOTAL</b>		<b>2,910,125,203</b>	<b>3,207,141,568</b>

Significant accounting policies

1-2

The notes referred above form an integral part of the financial statements

As per our report of even date attached

For BSR & Associates LLP  
Chartered Accountants  
Firm registration number: 116231W/W-100024

Rakesh Devan  
Partner  
Membership no. 092212  
Place: Gurugram  
Date: 29 September 2016

For and on behalf of the Board of Directors of  
Bhadra International (India) Private Limited

Prem Bajaj  
Chairman and Managing Director  
DIN 00770351  
Place: New Delhi  
Date: 29 September 2016

Himav Bajaj  
Director  
DIN 01113831  
Place: New Delhi  
Date: 29 September 2016

Vijit Mahajan  
Chief Finance Officer  
Place: New Delhi  
Date: 29 September 2016

Vikasli Mishra  
Company Secretary  
Place: New Delhi  
Date: 29 September 2016

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Bhadra International (India) Private Limited  
Statement of Profit and Loss for the year ended 31 March 2016  
(Amount in Indian Rupees unless stated otherwise)

	Note	For the year ended 31 March 2016	For the year ended 31 March 2015
<b>Revenue</b>			
Revenue from operations			
Sale of services	19	1,540,105,615	1,229,950,495
Other Income	20	25,434,126	16,805,727
<b>Total Revenue</b>		<b>1,565,539,741</b>	<b>1,246,756,222</b>
<b>Expenses</b>			
Employee benefits	21	664,597,607	571,623,875
Finance costs	22	375,709,635	383,207,154
Depreciation and amortisation	11	328,780,807	285,992,395
Other expenses	23	872,418,205	755,963,759
<b>Total expenses</b>		<b>2,231,506,154</b>	<b>1,996,787,183</b>
<b>Loss before tax</b>		<b>(665,966,413)</b>	<b>(750,030,961)</b>
Tax expense		-	-
<b>Loss for the year</b>		<b>(665,966,413)</b>	<b>(750,030,961)</b>
<b>Basic earnings/(loss) per share of Rs. 10 each</b>	31	<b>(18.06)</b>	<b>(20.34)</b>
Significant accounting policies	1 - 2		


The notes referred above form an integral part of the financial statements


As per our report of even date attached

For BSR & Associates LLP  
Chartered Accountants  
ICAI Firm Registration number: F16231W AW-100024

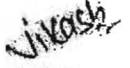
  
Rakesh Dewan  
Partner  
Membership No. 092212  
Place: Gurgaon  
Date: 29 September 2016

For and on behalf of the Board of Directors of  
Bhadra International (India) Private Limited

  
Prem Bajaj  
Chairman and Managing Director  
DIN 00770351  
Place: New Delhi  
Date: 29 September 2016

  
Hiyv Bajaj  
Director  
DIN 01113831  
Place: New Delhi  
Date: 29 September 2016

  
Vipin Mahajan  
Chief Finance Officer  
Place: New Delhi  
Date: 29 September 2016

  
Vikash Misra  
Company Secretary  
Place: New Delhi  
Date: 29 September 2016

	For the year ended 31 March 2016	For the year ended 31 March 2015
<b>A. Cash flow from operating activities</b>		
Loss for the year before tax	(665,966,413)	(750,030,961)
Adjustments for:		
Depreciation and amortisation	328,780,807	285,992,396
Interest income	(14,342,526)	(15,376,405)
Unrealised foreign exchange (gain)/ loss	1,494,602	(302,511)
Interest paid	375,709,615	383,207,154
Provision for doubtful debts	175,608	-
Bad debt written off	18,670	77,169
Provision for wealth tax	-	332,023
Miscellaneous expenditure written off	-	8,770,000
Liability no longer required written back	(424,156)	(94,865)
Loss on sale of fixed assets	-	42,430
Operating cash flow before working capital changes	25,446,197	(87,343,570)
(Increase)/Decrease in trade receivables	(9,811,450)	(47,386,755)
(Increase)/Decrease in loans and advances	70,778,594	170,129,493
(Increase)/Decrease in other current assets	784,073	(784,073)
(Increase)/Decrease in inventory	187,131	(754,733)
Increase/(Decrease) in trade payables	147,192,084	269,588,009
Increase/(Decrease) in other current liabilities	98,179,470	134,848,969
Increase / (Decrease) in other long term liabilities	-	(17,135,674)
Increase/(Decrease) in provisions	10,165,519	13,764,366
Cash generated from operations	642,922,618	434,926,032
Income tax paid	(75,182,526)	(59,531,066)
Wealth tax paid	(332,023)	(156,266)
Net cash generated from operating activities	567,408,069	377,238,700
<b>B. Cash flow from investing activities</b>		
Purchase of fixed assets (including capital work in progress)	(6,775,253)	(51,486,055)
Fixed deposits with banks	(1,506,163)	(4,985,604)
Interest received on fixed deposits	2,428,085	4,809,073
Interest received on loan to related party	5,733,743	576,629
Repayment of loan from related party	7,642,752	5,221,323
Net cash generated/(used) in investing activities	7,522,964	(45,864,634)
<b>C. Cash flow from financing activities</b>		
Proceeds/(Repayment) of short term borrowing (net)	34,403,131	55,903,746
Proceeds/(Repayment) of term loan from bank	(224,040,160)	(106,831,793)
Proceeds from issue of debentures	-	35,000,000
Interest paid	(372,052,532)	(314,981,264)
Net cash used in financing activities	(561,689,641)	(330,909,311)
Net increase in cash and cash equivalents (A+B+C)	13,241,492	464,755
Cash and cash equivalents at the beginning of the year	29,388,558	29,006,893
Less: Effect of exchange rate exchange in closing balances of Cash and cash equivalents	(3,652)	16,910
Cash and cash equivalents at the end of the year (refer notes below)	42,726,398	29,488,558
<b>Notes to cash flow statements</b>		
<b>1. Components of cash and cash equivalents</b>		
Cash on hand	523,694	1,711,284
Balances with banks	-	-
on current accounts	42,202,704	27,777,274
Cash and cash equivalents at the end of the year	42,726,398	29,488,558

2. The notes referred above form an integral part of the financial statements


As per our report of even date attached


For B S R & Associates LLP  
Chartered Accountants  
ICAI Firm Registration number: 116231W/AV-100624

  
Rakshi Dewan  
Partner  
Membership No. 092212  
Place: Gurugram  
Date: 29 September 2016

For and on behalf of the Board of Directors of  
Bhadra International (India) Private Limited

  
Prem Bala  
Chairman and Managing Director  
DIN 00770331  
Place: New Delhi  
Date: 29 September 2016

  
Hiyav Bala  
Director  
DIN 01113831  
Place: New Delhi  
Date: 29 September 2016

  
Vipin Mahajan  
Chief Finance Officer  
Place: New Delhi  
Date: 29 September 2016

  
Vikash Mitta  
Company Secretary  
Place: New Delhi  
Date: 29 September 2016



3	Share Capital	As at 31 March 2016	As at 31 March 2015
	Authorized		
	37,000,000 (Previous year 37,000,000) Equity shares of Rs. 10 each	370,000,000	370,000,000
	53,000,000 (Previous year 53,000,000) Zero Percent Compulsorily Convertible Preference Shares (CCPS) of Rs 10 each	530,000,000	530,000,000
		<u>900,000,000</u>	<u>900,000,000</u>
	Issued, subscribed and fully paid up		
	36,880,320 (Previous year 36,880,320) Equity shares of Rs. 10 each fully paid up	368,803,200	368,803,200
	22,978,490 (Previous year 22,978,490) Zero Percent Compulsorily Convertible Preference Shares (CCPS) of Rs. 10 each fully paid up	<u>229,784,900</u>	<u>229,784,900</u>
		<u>598,588,100</u>	<u>598,588,100</u>

3 (a) Reconciliation of shares outstanding at the beginning of the year and at the end of the reporting period

	As at 31 March 2016		As at 31 March 2015	
	Number of shares	Amount	Number of shares	Amount
Equity shares				
At the commencement and at the end of the year	<u>36,880,320</u>	<u>368,803,200</u>	<u>36,880,320</u>	<u>368,803,200</u>
Compulsorily Convertible Preference Shares (CCPS) of Rs. 10 each				
At the commencement and at the end of the year	<u>22,978,490</u>	<u>229,784,900</u>	<u>22,978,490</u>	<u>229,784,900</u>

Rights, preferences and restrictions attached to Equity shares

The company has equity shares having a par value of Rs 10 each. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of the equity shares held by the shareholders.

Rights, preferences and restrictions attached to Preference shares

The Company has Compulsorily Convertible Preference Shares (CCPS) having par value of Rs. 10 each.

(i) The CCPS shall carry a right to a preference dividend of 0% (zero) per annum in relation to the capital paid-up on them.

(ii) In the case of liquidation, the holders of the CCPS shall be entitled to a preferential right of return as agreed in the Shareholders' agreement of the amount paid-up or deemed to have been paid-up. The remaining assets and funds of the Company available for distribution to shareholders shall be distributed among the holders of equity shares and the balance among all holders of CCPS and equity shares based on the number of equity shares held by each of them.

The CCPS shall be compulsorily convertible. Each CCPS shall be converted into equity shares of the Company at the following price:

(a) 8,111,823 CCPS issued in the FY 2010-11 shall be converted into equity shares at a price of Rs. 11.53 per share

(b) 14,666,667 CCPS issued in the FY 2012-13 shall be converted into equity shares at a price range of Rs. 15 to Rs. 80 per share

The CCPS shall be converted into equity shares on the occurrence of the following events and on the terms set out in the Shareholders' Agreement (SHA):

(a) Expiry of five years and six months from the first closing date;

(b) A liquidity event as per the terms of the SHA; or

(c) An event of default as per the terms of the SHA;

(d) The Conversion of CCPS into equity shares shall enable the Investors to achieve the percentage of shareholding as agreed in the Shareholders' agreement.

(b) Aggregate number of bonus shares issued, shares bought for consideration other than cash during the period of five years immediately preceding the reporting date:

The Company has not issued any bonus shares or shares for consideration other than cash during the period of five years immediately preceding the reporting date.

(c) Details of shareholders holding more than 5% shares of the Company:

Equity shares:

Name of shareholder	As at 31 March 2016		As at 31 March 2015	
	No. of shares	% of Holding	No. of shares	% of Holding
Mr. Prem Datta	23,049,600	62.49%	23,049,600	62.49%
OPC Mauritius IX LLC	13,830,720	37.50%	13,830,720	37.50%
	<u>36,879,720</u>	<u>100%</u>	<u>36,879,720</u>	<u>100%</u>

Zero Percent Compulsorily Convertible Preference shares

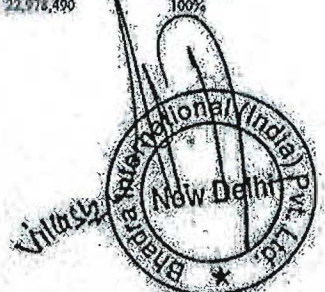
Name of shareholder	As at 31 March 2016		As at 31 March 2015	
	No. of shares	% of Holding	No. of shares	% of Holding
OPC Mauritius IX LLC	22,978,490	100%	22,978,490	100%

\* These shares are pledged in favour of the lenders for borrowings obtained by the Company.



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4	Reserves and surplus	As at 31 March 2016	As at 31 March 2015
	Securities premium		
	At the commencement and end of the year	601,913,900	601,913,900
		<u>601,913,900</u>	<u>601,913,900</u>
	Surplus/(Loss) - Profit and Loss Balance		
	At the commencement of the year	(2,527,154,346)	(1,777,079,385)
	Add: Loss for the year	(665,966,413)	(750,030,961)
	Add: TDS of earlier year written off	(44,600)	(44,600)
	At the end of the year	<u>(3,193,120,759)</u>	<u>(2,527,154,346)</u>
		<u>(2,591,206,859)</u>	<u>(1,925,340,446)</u>
5	Long-term borrowings	As at 31 March 2016	As at 31 March 2015
	Term loans from banks (secured)*	3,024,108,330	3,248,148,490
	18,780,000 (Previous year 17,780,000) 0% Fully Compulsory Convertible Debentures (FCCD) of Rs. 10 each (unsecured) **	187,800,000	177,800,000
	Application money for allotment of Nil (Previous year 1,000,000) 0% Fully Compulsory Convertible Debentures (FCCD) of Rs. 10 each	-	10,000,000
		<u>3,211,908,330</u>	<u>3,435,948,490</u>
	Less: Current maturities of long-term borrowings		
	-Term loans from banks	448,998,800	290,839,250
	(Amount disclosed under "Other current liabilities")		
		<u>2,762,909,530</u>	<u>3,145,109,240</u>

\* The Company had restructured its outstanding loans by implementation of a restructuring scheme effective from 1st September 2012 (cut off date). After restructuring, the Company has the following types of loans- Restructured term loan (TL), Working capital term loan (WCTL), Funded interest term loan (FITL) and a New term loan (New TL).

a) Term Loans (TL) and Working capital term loan (WCTL) are to be repaid in 32 quarterly graded installments after a moratorium of 22 months from cut off date, commencing from September 2014 with last installments due in June 2022. The outstanding loan amount of TL and WCTL as at 31 March 2016 is Rs. 2,565,201,330 (Previous year Rs. 2,711,184,300). The interest rate on restructured Term Loans and WCTL is charged at base rate + 75 basis points (PNB's base rate) with a minimum of 11% p.a. Interest rate to be reset after every 2 years. There were defaults/delays in repayment of principal of Rs. 41,709,420 (Previous year Rs. 34,757,850) and in interest payment of Rs. 73,749,102 (Previous year Rs. 72,855,385) as on reporting date. However, the same has been cleared/made good on or before 30 June 2016.

b) The future interest payable on all existing term loans including WCTL for 49 months from cut off date i.e. till March 2014 has also been converted in to Funded interest term loan (FITL) and is repayable in 17 graded quarterly installments commencing from June 2014 with last installment due in June 2018. The outstanding loan amount of FITL as at 31 March 2016 is Rs. 357,503,000 (Previous year Rs. 429,864,000). Interest rate on FITL is to be charged at base rate of PNB with minimum of 10.25% p.a. with interest reset after 2 years. There were defaults/delays in repayment of principal of Rs. 18,816,000 (Previous year Rs. 14,112,000) and in interest payment of Rs. 9,884,099 (Previous year Rs. 8,085,316) as on reporting date. However, the same has been cleared/made good on or before 30 June 2016.

c) The new term loan (New TL) is repayable in 32 quarterly installments commencing from September 2014 with the last installment due in June 2022. The outstanding loan amount of new TL as at 31 March 2016 is Rs. 101,875,000 (Previous year Rs. 107,250,000). Interest rate on new term loan is to be charged at base rate + 1.75% with a minimum of 12% p.a. with interest reset after 2 years. There were defaults/delays in repayment of principal of Rs. 1,650,000 (Previous year Rs. 1,375,000) and in interest payment of Rs. 2,932,063 (Previous year Rs. 423,150) as on reporting date. However, the same has been cleared/made good on or before 30 June 2016.

#### Securities

The above credit facilities have been financed by consortium of banks consisting of M/s Punjab national bank, M/s UCO bank and M/s Allahabad bank. The term loans are secured against:

- First pari passu charge by way of hypothecation of all movable plant and machinery, machinery spares, electrical items, tools and accessories, furniture, fixture and all other movable assets, present and future on pari passu basis with other term lenders.
- Second charge on entire current assets of the company subject to first charge in favour of working capital lenders.
- Assignment of contracts, agreements, debts and other money payable to the company due from various airlines and airport authorities.

They are also secured by the first/second pari passu charge upon collateral security of the properties in the name of its related party, promoters and relatives of the promoters. They are further secured by personal guarantees of 2 directors, 1 member and a corporate guarantee of its related party. The promoters have also pledged their entire share holding in favour of the lenders.

\*\* These FCCDs are compulsorily convertible and carry interest of 0% per annum. Each FCCD shall be converted into equity shares of the Company as per the terms given in the transaction documents upon the occurrence of the following events and on the terms set out in the shareholders' agreement:

- 20 years from the date of subscription by the promoters of FCCD's, in accordance with terms of the shareholders' agreement (SHA).
- Liquidity event as per the terms of the shareholders' agreement.
- An event of default, as per the terms of the shareholders' agreement; or
- Any other event, subject to the prior consent.

The FCCD's shall be converted in to equity shares of the Company, in such manner that the conversion will result in the promoters getting the holding share in 4 times, and as per the agreed valuation.



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Bhakra International (India) Private Limited  
Notes to the financial statements for the year ended 31 March 2016  
(Amount in Indian rupees unless stated otherwise)

1. Long-term provisions	As at 31 March 2016	As at 31 March 2015
Provision for employee benefits		
Gratuity (Refer to note 34)	24,658,975	21,822,166
Compensated absences	11,471,152	10,942,012
	<u>36,130,127</u>	<u>32,764,178</u>

2. Short-term borrowings	As at 31 March 2016	As at 31 March 2015
<u>Secured</u>		
Loans repayable on demand:		
Cash credit from banks		
UCO bank	19,113,145	19,391,133
Punjab national bank	60,263,292	47,705,350
Allahabad bank	115,255,445	93,132,448
	<u>194,632,882</u>	<u>160,228,931</u>

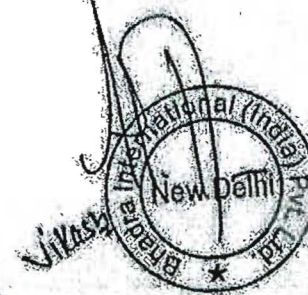
Cash credit has been financed by consortium of banks consisting of Punjab National Bank (PNB), UCO bank and Allahabad bank. After the implementation of restructuring scheme effective from 1 September 2012, the interest rate on restructured cash credit limits is to be charged at base rate + 75 bp with a minimum of 11% p.a. (linked to Base rate of PNB). The same are secured against first charge by way of hypothecation of entire book debts stock of the Company and all other current assets of the Company on pari passu basis and extension of hypothecation charge on all fixed assets of the Company. It is further secured by the other securities as specified in Note 5.

8. Trade payables	As at 31 March 2016	As at 31 March 2015
- Total outstanding dues to micro and small enterprises (Refer to note 28)	680,296	-
- Total outstanding dues to parties other than micro and small enterprises	1,004,921,169	538,370,215
Total	<u>1,005,601,465</u>	<u>538,370,215</u>

9. Other current liabilities	As at 31 March 2016	As at 31 March 2015
Current maturities of long-term borrowings*	448,998,800	290,839,250
Interest accrued but not due on borrowings	131,674	184,109
Interest accrued and due on borrowings	86,565,263	82,895,725
Capital creditors	5,432,075	6,047,323
Security deposits payable	17,067,402	15,923,005
Advance received for insurance claims	20,000,000	-
Advance from customers	582,897	497,606
Employee related payables	55,389,287	38,751,189
Statutory dues payable:		
Tax deducted at source	75,043,608	36,268,270
Service tax	124,042,003	95,998,253
Employee provident fund	49,103,403	48,188,054
Employees' state insurance	10,931,647	4,973,866
Welfare fund	18,200	24,820
Professional tax	542,652	48,090
Custom duty	-	13,067,894
	<u>893,858,915</u>	<u>633,708,854</u>

\*Includes principal over due amounting to Rs. 62,175,420 (Previous year Rs. 60,244,850).

10. Short-term provisions	As at 31 March 2016	As at 31 March 2015
Provisions for employee benefits		
Gratuity (Refer to note 34)	3,491,191	390,673
Compensated absences	6,087,652	2,190,600
Other provisions:		
Provision for wealth tax	-	332,023
	<u>9,578,843</u>	<u>3,113,296</u>





**Bhadra International (India) Private Limited**

Notes to the financial statements for the year ended 31 March 2016

(Amount in Indian Rupees unless stated otherwise)

**11 Fixed assets**

	Gross block			Depreciation and amortisation			Net block	
	Balance as at 1 April 2015	Additions	Disposals/ Adjustments	Balance as at 31 March 2016	For the year	On disposals/ adjustments	Balance as at 31 March 2016	Balance as at 31 March 2016
<b>Tangible Assets</b>								
Building (leasehold improvement)	271,803,099	393,750	-	272,196,849	69,058,792	-	94,874,942	177,321,907
Plant and equipments	2,358,619,725	4,547,451	-	2,363,167,176	765,591,424	-	990,078,888	1,373,088,288
Electrical installation	7,071,496	-	-	7,071,496	1,109,418	-	1,825,584	5,245,912
Furniture and fixtures	36,112,772	983,390	-	36,496,162	10,197,387	-	13,605,575	22,890,587
Vehicles	49,413,811	-	-	49,413,811	11,072,682	-	17,162,531	32,251,280
Office equipment	12,661,860	856,273	-	13,118,133	3,845,485	-	6,814,495	6,303,638
Computers	17,845,023	379,140	-	18,224,163	10,962,051	-	15,331,291	2,892,872
<b>Total</b>	<b>2,753,527,786</b>	<b>6,160,004</b>	<b>-</b>	<b>2,759,687,790</b>	<b>871,837,239</b>	<b>-</b>	<b>1,139,693,306</b>	<b>1,619,994,484</b>
<b>Intangible Assets</b>								
Computer software	104,467,983	-	-	104,467,983	43,549,965	-	104,467,983	-
Trade mark	52,500	-	-	52,500	8,284	-	15,006	37,494
<b>Total</b>	<b>104,520,483</b>	<b>-</b>	<b>-</b>	<b>104,520,483</b>	<b>43,558,249</b>	<b>-</b>	<b>104,482,989</b>	<b>37,494</b>
<b>Grand Total</b>	<b>2,858,048,269</b>	<b>6,160,004</b>	<b>-</b>	<b>2,864,208,273</b>	<b>915,395,488</b>	<b>-</b>	<b>1,244,176,295</b>	<b>1,620,031,978</b>

	Gross block				Depreciation and amortisation				Net block
	Balance as at 1 April 2014	Additions	Disposals/ Adjustments	Balance as at 31 March 2015	Balance as at 1 April 2014	For the year	On disposals/ adjustments	Balance as at 31 March 2015	Balance as at 31 March 2015
<b>Tangible Assets</b>									
Building (leasehold improvement)	249,074,390	22,728,709	-	271,803,099	44,825,341	24,433,451	-	69,058,792	202,744,307
Plant and equipments	2,339,184,345	19,435,380	-	2,358,619,725	541,876,269	225,715,155	-	765,591,424	1,593,028,301
Electrical installation	7,071,496	-	-	7,071,496	393,252	716,166	-	1,109,418	5,962,078
Furniture and fixtures	33,905,142	2,207,630	-	36,112,772	6,629,942	3,567,445	-	10,197,387	25,915,385
Vehicles	26,481,030	23,866,177	933,396	49,413,811	5,122,211	6,057,384	106,893	11,072,682	38,341,129
Office equipment	10,267,874	1,693,986	-	12,661,860	961,534	2,883,931	-	3,845,485	8,816,375
Computers	17,116,573	928,450	-	17,845,023	3,760,247	7,201,804	-	10,962,051	6,882,972
<b>Total</b>	<b>2,683,800,850</b>	<b>70,660,332</b>	<b>933,396</b>	<b>2,753,527,786</b>	<b>603,368,816</b>	<b>268,578,316</b>	<b>106,893</b>	<b>871,837,239</b>	<b>1,881,690,547</b>
<b>Intangible Assets</b>									
Computer software	104,467,983	-	-	104,467,983	26,139,607	17,410,358	-	43,549,965	60,918,018
Trademark	52,500	-	-	52,500	1,562	6,722	-	8,284	44,216
<b>Total</b>	<b>104,520,483</b>	<b>-</b>	<b>-</b>	<b>104,520,483</b>	<b>26,141,169</b>	<b>17,417,080</b>	<b>-</b>	<b>43,558,249</b>	<b>60,962,234</b>
<b>Grand Total</b>	<b>2,788,321,333</b>	<b>70,660,332</b>	<b>933,396</b>	<b>2,858,048,269</b>	<b>629,509,985</b>	<b>285,992,396</b>	<b>106,893</b>	<b>915,395,488</b>	<b>1,942,652,781</b>



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Bhadra International (India) Private Limited  
Notes to the financial statements for the year ended 31 March 2016  
(Amount in Indian rupees unless stated otherwise)

12 Long-term loans and advances  
(Unsecured, considered good, unless otherwise stated)

	As at 31 March 2016	As at 31 March 2015
To parties other than related parties		
Capital advances	28,770,140	42,411,464
Security deposits	496,277,747	603,098,964
Prepaid expenses	22,439,391	28,469,701
Advance tax (net of provision of Rs. Nil (Previous year Rs. Nil))	187,009,217	111,826,691
Less: Current portion of long-term loans and advances*		
Prepaid expenses	5,893,456	6,032,579
	<u>728,603,039</u>	<u>779,774,241</u>

\* Disclosed under short-term loans and advances (Refer to note 17)

13 Other non-current assets  
(Unsecured, considered good, unless otherwise stated)

	As at 31 March 2016	As at 31 March 2015
Bank deposits (due to mature after 12 months from the reporting date)*	68,675,834	75,942,205
Interest accrued on fixed deposits	18,199,292	12,754,300
	<u>86,875,126</u>	<u>88,696,505</u>

\* Represents fixed deposits under lien amounting to Rs. 68,675,834 (Previous year Rs. 75,942,205).

14 Inventories  
(Valued at the lower of cost and net realisable value)

	As at 31 March 2016	As at 31 March 2015
Stores and spares	1,743,077	1,930,208
	<u>1,743,077</u>	<u>1,930,208</u>

15 Trade Receivables  
(Unsecured, considered good, unless otherwise stated)

	As at 31 March 2016	As at 31 March 2015
Outstanding for a period more than six months from the date they are due for payment		
Considered good	5,702,650	2,567,887
Considered doubtful	1,190,260	1,014,652
Less: Provision for doubtful debts	(1,190,260)	(1,014,652)
	<u>5,702,650</u>	<u>2,567,887</u>
Other receivables - Considered good	236,579,745	230,824,947
	<u>242,282,395</u>	<u>233,392,834</u>

16 Cash and bank balances

	As at 31 March 2016	As at 31 March 2015
Cash and cash equivalents		
Cash on hand	523,694	1,711,284
Balances with banks		
- on current accounts	42,202,704	21,777,274
	<u>42,726,398</u>	<u>23,488,558</u>
Other bank balances*	21,214,352	12,441,718
	<u>63,940,850</u>	<u>41,930,276</u>

\* Includes fixed deposits under lien amounting to Rs. 19,314,451 (Previous year Rs. 10,641,718).

Details of bank balances/deposits

	As at 31 March 2016	As at 31 March 2015
Bank deposits due to mature within 12 months of the reporting date included under 'Other bank balances'	21,214,352	12,441,718
Bank deposits due to mature after 12 months of the reporting date included under 'Other non-current assets' (refer to note 13)	68,675,834	75,942,205
	<u>89,890,186</u>	<u>88,383,923</u>



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**Blindra International (India) Private Limited**  
**Notes to the financial statements for the year ended 31 March 2016**  
 (Amount in Indian rupees unless stated otherwise)

**17 Short-term loans and advances**

*(Unsecured, considered good unless otherwise stated)*

	As at 31 March 2016	As at 31 March 2015
Current portion of long-term loans and advances (refer to note 12)	5,892,456	6,032,579
Prepaid expenses	3,004,335	2,916,789
Security deposits	2,054,000	1,076,000
Service tax credit receivable	81,651,309	47,482,318
Advance to suppliers	730,107	422,915
Advance to employees	17,822,160	1,956,018
Amount paid under protest	4,000,000	-
Other advances	316,867	10,451
<b>To related parties</b>		
Loan to related party*	<u>44,436,522</u>	<u>52,079,274</u>
	<u>159,598,756</u>	<u>111,976,374</u>

\*The unsecured loan to related party carries interest at a rate of 11.25% per annum (previous year 11% per annum). The loan is repayable on demand

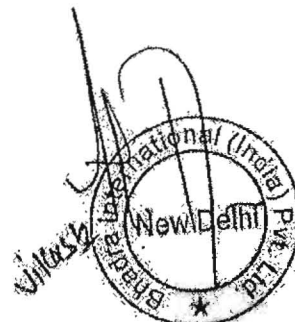
**18 Other current assets**

*(Unsecured, considered good, unless otherwise stated)*

	As at 31 March 2016	As at 31 March 2015
Interest accrued on fixed deposits	1,843,250	814,614
Interest recoverable on loan to related party	4,896,732	5,189,662
Insurance claim receivable	-	784,073
	<u>6,739,982</u>	<u>6,788,349</u>



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**Bhadr International (India) Private Limited**  
**Notes to the financial statements for the year ended 31 March 2016**  
(Amount in Indian Rupees unless stated otherwise)

	Year ended 31 March 2016	Year ended 31 March 2015
<b>19 Revenue from operations</b>		
Sale of services	1,540,105,615	1,229,950,495
	<u>1,540,105,615</u>	<u>1,229,950,495</u>
<b>Break up of revenue from services rendered</b>		
Cargo handling services	401,992,564	328,782,531
Ramp handling services	1,060,737,899	836,881,162
Others	77,375,152	64,286,802
	<u>1,540,105,615</u>	<u>1,229,950,495</u>
<b>20 Other income</b>		
Interest on fixed deposits	8,901,713	8,298,295
Interest on loan to related party (refer note 31)	5,440,813	5,766,291
Interest on income tax refund	-	1,271,813
Net gain on account of foreign exchange fluctuation	343,121	369,657
Liabilities no longer required written back	424,186	94,863
Miscellaneous income*	10,324,293	1,004,800
	<u>25,434,126</u>	<u>16,805,727</u>

\* Includes prior period income of Rs. 7,403,283 (Previous year Rs. Nil) on account of reversal of bonus expense recognised in the previous years.

	Year ended 31 March 2016	Year ended 31 March 2015
<b>21 Employee benefits</b>		
Salaries, wages and bonus	578,738,272	499,665,335
Gratuity (refer note 34)	5,740,327	9,813,070
Compensated absences (refer note 34)	4,426,191	3,951,296
Contributions to provident and other funds (refer note 34)	60,799,980	45,909,405
Staff welfare expenses	14,892,737	12,264,769
	<u>650,597,507</u>	<u>571,623,875</u>

	Year ended 31 March 2016	Year ended 31 March 2015
<b>22 Finance costs</b>		
Interest expense	375,709,635	383,207,154
	<u>375,709,635</u>	<u>383,207,154</u>

	Year ended 31 March 2016	Year ended 31 March 2015
<b>23 Other expenses</b>		
Licence fees	496,377,633	396,280,888
Technical fees	23,245,036	21,668,354
Equipment hire charges	11,223,870	8,400,672
Power and fuel	20,497,890	23,915,463
Uniforms and groceries	18,816,993	23,601,364
Consumption of stores and spares	17,334,738	25,875,618
Bank charges	11,244,803	11,264,636
Rent (refer note 42)	133,469,634	83,921,613
Rates and taxes#	33,821,182	46,838,163
Legal and professional	23,687,800	18,382,789
Travelling and conveyance	13,312,754	11,753,019
Training expenses	9,755,073	9,723,344
Insurance	7,714,480	8,218,379
Repair and maintenance		
- Building	3,036,961	674,694
- Plant and machinery	10,383,057	11,750,963
- Others	3,760,883	3,042,222
Payments to auditors*	2,131,844	2,000,000
Bad debts written off	18,670	77,169
Provision for doubtful debts (net)	125,608	-
Miscellaneous expenses	32,207,316	48,474,985
	<u>872,418,285</u>	<u>755,963,759</u>

# Includes prior period expenses amounting to Rs. 166,159 (Previous year Rs. 8,860,895)

\* Includes payment to auditors (excluding service tax)

<b>As auditor</b>		
- Statutory Audit	1,500,000	1,700,000
- Tax audit	-	200,000
In other capacity		
- Taxation matters	-	700,000
- Other services	600,000	-
Reimbursement of expenses	31,844	-
	<u>2,131,844</u>	<u>2,600,000</u>



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24 Contingent Liabilities

(Amount in Rs.)			
S. No.	Particulars	As at 31 March 2016	As at 31 March 2015
Claim against the Company not acknowledged as debt			
1	Item on proved land claimed by Airport Authority of India (AAI) - Kolkata for which negotiations for waiver/ reduction are in process with AAI	53,031,203	50,334,907
2	Dispute in respect to payment of Bonus	Refer Note 39	Refer Note 39

25 Capital and other commitments

(Amount in Rs.)			
S. No.	Particulars	As at 31 March 2016	As at 31 March 2015
1	Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for	266,563	4,750,000
2	Other commitments	-	733,572
	Total	266,563	5,483,572

26 Earnings in foreign currency (on cash basis)

(Amount in Rs.)			
S. No.	Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
1	Sale of services	408,048,180	295,437,076

27 Expenditure in foreign currency

(Amount in Rs.)			
S. No.	Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
1	Technical fees	23,345,036	21,668,354
2	Travelling expenses	2,238,877	1,068,783
3	Legal and professional fees	389,797	-
4	Miscellaneous expenses	1,396,993	1,063,016

28 Disclosure as required under the Micro, Small and Medium Enterprises Development Act, 2006

The management has identified enterprises which have provided goods and services to the Company and which qualify under the definition of micro and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED). Accordingly, the disclosures in respect of the amounts payable to such enterprises as at 31 March 2016 and 31 March 2015 has been made in the financial statements based on information received and available with the Company.

(Amount in Rs.)		
Particulars	As at 31 March 2016	As at 31 March 2015
The amounts remaining unpaid to micro and small suppliers as at the end of the year		
- Principal	680,196	-
- Interest	3,900	-
The amount of interest paid by the buyer as per the Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006)	-	-
The amount of the payments made to micro and small suppliers beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	3,900	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprise for the purpose of disclosure as a deductible expenditure under the MSMED Act, 2006	-	-

29 CIF value of imports

(Amount in Rs.)			
S.No.	Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
1	Capital goods	-	242,732
2	Stores and spares	136,783	3,196,717
	Total	136,783	3,439,449

30 Deferred tax assets/liabilities

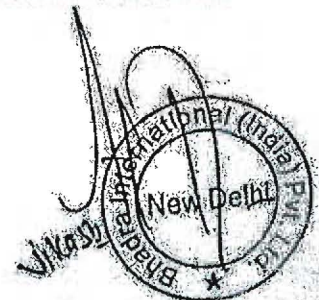
S.No.	Particulars	As at 31 March 2016	As at 31 March 2015
1	Deferred tax liability		
a)	Difference between net book value and written down value of fixed assets as per Income Tax Act, 1961	40,701,123	73,797,510
	Total (A)	40,701,123	73,797,510
2	Deferred tax assets		
a)	Provision for employee benefits	15,337,499	12,081,299
b)	Provision for doubtful debts	204,569	344,850
c)	Disallowances under section 43(b)	121,491,137	146,039,833
d)	Carry forward business loss and unabsorbed depreciation	949,896,936	734,583,998
	Total (B)	1,087,226,135	893,072,630
	Net deferred tax liability [(A) - (B)]		

As at year end, the Company has significant unabsorbed depreciation / carried forward business losses as per Income Tax Act, 1961. In the absence of virtual certainty of sufficient future taxable profits, deferred tax asset has been recognized only to the extent of deferred tax liability.



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31 Earning per share

S No	Particulars	Year ended 31 March 2016	Year ended 31 March 2015
A	Loss attributed to equity shareholder (in Rs.)	(665,666,413)	(730,030,951)
B	Basic/ Weighted average number of equity share outstanding during the year (no. of share)	36,889,320	36,889,320
C	Nominal value of equity share (in Rs.)	10	10
D	Diluted earnings/(loss) per share (A/B) (in Rs.)	(18.06)	(20.14)
E	Diluted earnings/(loss) per share (A/C) (in Rs.)	(18.06)	(20.14)

Notes

The conversion of outstanding Compulsorily Convertible Preference Shares and Fully Compulsory Convertible Debentures into equity, if made, would have the effect of reducing the loss per share and would therefore be anti dilutive. Hence, such conversion has not been considered for the purpose of computing diluted earnings per share.

32 Segment reporting

Business Segment

The Company's business activity falls within a single business segment i.e. rendering Ground Handling Services at seven domestic airports in India. Therefore, segment reporting requirements as specified in Accounting Standard - 17 on Segment reporting is not applicable.

Geographical Segment

The Company operates within India and does not have operations in economic environments with different risks and returns. Hence, it is considered operating in single geographical segment.

33 Disclosures as per Accounting Standard (AS)-18 "Related Party Disclosures"

A. Related party and nature of related party relationship where control exists:

Description of relationship	Name of the party
Individual exercising control/ Key management personnel	Mr. Prem Bajaj (Chairman and Managing Director)

B. Other related parties with whom transactions have been taken place:

Description of relationship	Name of the party
Enterprise where key management personnel have significant influence:	TDI International India (Private) Limited
Key management personnel	Mr. Hagar Bajaj (Director)
Relative of key management personnel	Mrs. Neelam Bajaj (Relative of Director)

C. Transactions with related parties

S No	Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
1	Managerial Remuneration		
	Individual exercising control/ Key management personnel:		
	Mr. Prem Bajaj	18,984,000	18,984,000
2	Rent expense		
	Individual exercising control/ Key management personnel:		
	Mr. Prem Bajaj	9,102,000	9,102,000
3	Issue of 9% Fully Compulsory Convertible Debentures		
	Individual exercising control/ Key management personnel:		
	Mr. Prem Bajaj	10,000,000	25,000,000
4	Receipt of FCCB application money pending allotment		
	Individual exercising control/ Key management personnel:		
	Mr. Prem Bajaj		10,000,000
5	Loan repayment received		
	Enterprise where key management personnel have significant influence:		
	TDI International India (Private) Limited	7,612,452	5,221,323
6	Interest income on loan to related party		
	Enterprise where key management personnel have significant influence:		
	TDI International India (Private) Limited	5,440,813	5,266,391
7	Reimbursement of expenses received		
	Enterprise where key management personnel have significant influence:		
	TDI International India (Private) Limited	1,334,130	1,821,570
8	Refund of security deposit (on behalf of Airport Authority of India)		
	Enterprise where key management personnel have significant influence:		
	TDI International India (Private) Limited	40,000,000	



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C. Related party balances

		(Amount in Rs.)	
S No	Particulars	As at 31 March 2016	As at 31 March 2015
1	Other current liabilities (Employee related payables)		
	Individual exercising control: Key management personnel		
	Mr. Prem Bajaj	9,471,080	318,080
2	Trade payables (Rent payable)		
	Individual exercising control: Key management personnel		
	Mr. Prem Bajaj	9,460,167	
3	Long-term borrowings (8% Fully Convertible Debentures)		
	Individual exercising control: Key management personnel		
	Mr. Prem Bajaj	187,800,600	187,800,000
4	Long-term loans and advances (Loan to related party)		
	Enterprise where key management personnel have significant influence		
	TDI International India (Private) Limited	44,436,522	32,079,774
5	Long-term loans and advances (Security deposits)		
	Individual exercising control: Key management personnel		
	Mr. Prem Bajaj	4,551,000	4,551,000
6	Other current assets (Interest receivable on loan to related party)		
	Enterprise where key management personnel have significant influence		
	TDI International India (Private) Limited	4,896,732	5,187,602
7	Pledge of shares		
	The entire shareholding of Mr. Prem Bajaj, Mr. Hiyar Bajaj and Mrs. Nodam Bajaj (KMPs along with relatives) is pledged in favour of the lenders for borrowings obtained by the Company.		
8	Personal/Corporate guarantee		
	Mr. Prem Bajaj, Mr. Hiyar Bajaj (Directors) and Mrs. Nodam Bajaj (member) have given a personal guarantee and TDI International India (Private) Limited has given a corporate guarantee on behalf of the Company in favour of the lenders for borrowings obtained by the Company.		

24. Disclosure in respect of employee benefits under Accounting Standard (AS) - 15 "Employee Benefit" prescribed by the Companies (Accounts) Rules, 2014:

(a) Defined contribution plans

The Company makes contribution towards employees' provident fund, welfare fund and employees' state insurance plan scheme. Under the schemes, the Company is required to contribute a specified percentage of payroll cost, as specified in the rules of the schemes, to these defined contribution schemes. The Company has recognized Rs. 50,799,980 (Previous year Rs. 45,909,403) during the year as expense towards contribution to these plans.

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Employer's contributions to:		
• Provident Fund	34,593,767	31,934,244
• BSI fund	18,096,133	13,889,338
• Welfare fund	110,080	75,403
Total	50,799,980	45,909,403

(b) Defined Benefit Plans/Other long term employee benefits:

The disclosure for gratuity and compensated absence are given below:

(i) The changes in the present value of obligation (representing reconciliation of opening and closing balances)

Particulars	Gratuity		Compensated Absence	
	As at 31 March 2014	As at 31 March 2015	As at 31 March 2014	As at 31 March 2015
Present value of obligation as at the beginning of the year	27,412,839	12,599,769	13,132,612	9,181,316
Current service cost	7,378,862	7,160,502	7,074,573	8,362,548
Interest cost	1,745,060	1,419,099	1,015,181	715,325
Actuarial (gains)/losses	(3,778,750)	1,501,469	(3,266,896)	(3,325,977)
Present value of obligation as at the end of the year	27,758,011	22,681,839	15,855,440	13,935,212

(ii) Actuarial gain / loss recognised in the Statement of Profit and Loss

Particulars	Gratuity		Compensated Absence	
	For the year ended 31 March 2016	For the year ended 31 March 2015	For the year ended 31 March 2016	For the year ended 31 March 2015
Actuarial gain / (loss) for the year's obligation	(7,776,316)	1,501,469	(3,266,896)	(3,325,977)
Actuarial (gain) / (loss) due to change in assumption	3,497,608			
Actuarial (gain) / loss on plan assets				
Total gain / (loss) for the year	(4,278,708)	1,501,469		
Actuarial gain / (loss) recognised in the year	(4,278,708)	1,501,469	(3,266,896)	(3,325,977)
Unrecognised actuarial gain / (losses) at the end of year				



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Bladra International (India) Private Limited  
Notes to the financial statements for the year ended 31 March 2016  
(Amount in Indian rupees unless stated otherwise)

(iii) Assets and liabilities recognised in the Balance Sheet

Particulars	Gratuity		Compensated Absences	
	As at 31 March 2016	As at 31 March 2015	As at 31 March 2016	As at 31 March 2015
Present value of benefit obligation	27,758,911	22,412,839	15,889,440	13,132,612
Fair value of plan assets	-	-	-	-
Funded status (Surplus/Deficit)	(27,758,911)	22,412,839	(15,889,440)	(13,132,612)
Unrecognised past service cost	-	-	-	-
Net assets / (liability) recognised in Balance Sheet*	(27,758,911)	22,412,839	(15,889,440)	(13,132,612)

(iv) Expense recognised in the Statement of Profit and Loss

Particulars	Gratuity		Compensated Absences	
	For the year ended 31 March 2016	For the year ended 31 March 2015	For the year ended 31 March 2016	For the year ended 31 March 2015
Current service cost	7,378,862	7,169,502	7,028,573	6,562,048
Interest cost	1,745,960	1,149,099	1,015,151	715,725
Expected return on assets	-	-	-	-
Curialance costs	-	-	-	-
Settlement costs	-	-	-	-
Past service cost	-	-	-	-
Net actuarial (gain) / loss recognised in the year	(3,778,750)	(1,503,469)	(5,286,896)	(3,325,977)
Amount recognised in the Statement of Profit and Loss*	5,146,072	9,812,070	2,756,828	3,951,296

\* excludes amount payable to employees who have resigned during the year amounting to Rs. 394,255 and Rs. 1,669,363 for gratuity and compensated absences respectively

(v) Principal actuarial assumptions at the balance sheet date are as follows:

A. Economic assumptions

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Discount rate	7.01%	7.79%
Average remaining working life	24.33	23.79
Expected rate of return on plan assets	-	-
Salary escalation	5.00%	5.00%

The discount rate is based on the prevailing market yield of Indian government securities at the balance sheet date for the estimated term of the obligation. The estimate of future salary increase, considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors.

B. Demographic assumptions

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Retirement age	58	58
Mortality table	IAA (2006-98) ultimate	IAA (2006-98) ultimate
Withdrawal rates		
18-49	15%	2%
50-59	5%	2%

(vi) Experience adjustments

Particulars	For the year ended			
	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-13
Gratuity				
Defined benefit obligation	27,758,911	22,412,839	12,599,709	8,179,941
Plan assets	-	-	-	-
Net assets (liability)	(27,758,911)	22,412,839	(12,599,709)	(8,179,941)
Experience adjustment in plan liabilities	(3,778,750)	1,503,469	-	-
Experience adjustment in plan assets	-	-	-	-
Compensated Absences				
Defined benefit obligation	15,889,440	(13,132,612)	9,181,316	-
Plan assets	-	-	-	-
Net assets (liability)	(15,889,440)	(13,132,612)	(9,181,316)	-
Experience adjustment in plan liabilities	(5,286,896)	(3,325,977)	-	-
Experience adjustment in plan assets	-	-	-	-

As the Company does not have any fund, the disclosure with respect to plan assets is not applicable.

35. During the current year, the Company has filed a request letter dated 27 November 2015 for appointment of arbitrator for settlement of disputes between the Company and Airport Authority of India (AAI). The claim petition was in respect of the disputes that have arisen between the parties concerning their respective rights and obligations under the license agreement for providing Ground Handling Services. Subsequent to the year end, on 3 May 2016, the Company has submitted claims of Rs. 3,143 crore for various damages and losses caused to the company by AAI in allowing the continuance of the non-entitled agencies. In view of the management, AAI has not fulfilled its obligations as per the Airport Authority of India (Ground Handling, Entry of Ground Handling Services) Regulation, 2007 such as availability of minimum quantum of business respectively, removal of non-entitled agencies and complete ban on self-handling by Airline operators.

AAI vide letter dated 13 June 2016 has filed a counter claim against the Company stating that the Arbitration proceedings have been initiated by the company in a void payment of license fees, jointly and several charges there on. Further, the Arbitrator vide letter dated 25 August 2016 has directed AAI not to take any coercive steps against the Company. The Company based on its best estimate has recognised a provision of Rs. 23.54 crores as payable to AAI for settlement of all dues outstanding as at year end as per the license agreement. The case is currently pending at the arbitration level and is expected to be resolved by May 2017.

Based on the expert legal opinion obtained, the Company is of the view that the counter claim filed by AAI against the Company is not tenable and is highly unlikely to succeed.

36. The Company has re-evaluated useful life of assets as per Schedule II of the Companies Act, 2013 in the previous year. The revised useful lives along with useful lives as per earlier estimates

Category of assets

Assets  
Computer hardware  
Furniture and fixtures  
Office equipment

	Earlier life (Years)	Revised life (Years)
Computer hardware	30	5
Furniture and fixtures	10	5
Office equipment	21	5

In the previous year, as a result of management re-assessment of useful life of assets, aligning with Schedule II of the Companies Act, 2013, the Company has recorded an additional depreciation of Rs. 8,70,497 in the Statement of Profit and Loss. Further, based on a transitional provision provided in Note 7(b) of Schedule II of the Companies Act, 2013, an amount of Rs. 1,14,014 has also been recorded in the Statement of Profit and Loss.





37 The previous year figures have also been regrouped, where necessary, to conform to current year's classification

Particulars	Classification as per previous year financials	Classification as per current year financials	Amount (INR)
Balance Sheet			
Reclassification of Liability for expenses	Other current liabilities (Liability for expenses)	Trade payables Total outstanding dues to parties other than micro and small enterprises	86,256,808
Reclassification of Bank deposit with more than 12 months maturity	Other non-current assets Bank deposit with more than 12 months maturity	Cash and bank balances Other bank balances	12,411,718
Reclassification of Consumable stores and spares	Other current assets Consumable stores and spares	Inventories Inventories	1,930,208
Reclassification of Recoverable from Airport Authority of India	Trade payable Total outstanding dues to parties other than micro and small enterprises	Short-term loans and advances Recoverable from Airport Authority of India	28,901,156
Reclassification of advance to related party	Long-term loans and advances Loan to related party	Short-term loans and advances Loan to related party	52,079,274
Statement of Profit and Loss			
Re-classification of Festival expenses	Other expenses Festival expenses	Employee benefits Staff welfare expenses	7,111,061
Re-classification of Other Non operating expenses	Other expenses Other Non operating expenses	Employee benefits Staff welfare expenses	256,436
Reclassification of Other finance cost (Bank Charges)	Finance cost Other finance cost	Other expenses Bank charges	11,261,013

38 Debt Restructuring

The Corporate Debt Restructuring (CDR) empowered group at their meeting held on 26 April 2013 approved a restructuring package in terms of which the existing loans were restructured and certain additional financial assistance was proposed to be extended to the company as set out in the letter of approval no. CDR (SSA) NO. 127/2014-15 dated 15 May 2013. Issued by corporate debt restructuring cell to the lenders and the company (hereinafter referred to as the "CDR package"). Punjab national bank, lead banker has implemented the restructuring package on individual documentation basis on 28 March 2013. However, master restructuring agreement ("MRA") for consortium arrangements had been signed on 28 June 2013 with each of lenders and the other two banks have implemented the CDR during the financial year 2013-14. The terms and conditions of the CDR are binding on the lender and the company, effective from the 1 September 2012 (cut-off date). As per CDR master circular dated 28 June 2013, lenders shall have the right to recompense the relief/sacrifices/waivers extended by each lender as per CDR guidelines which has been estimated at Rs. 164.56 crores.

39 The Company had received a notice dated 3 April 2014 from Ministry of Labour for non-payment of bonus under Payment of Bonus Act, 1965 for Financial year 2010-11, 2011-12 and 2012-13 whereby the dispute was referred to the Central Government Industrial Tribunal cum Labour Courts (CGIT). CGIT passed an order against the Company and directed the Company to pay the bonus to the workers on account of non-submission of complete documents. Further, the Company filed a petition with the Hon'ble High Court for granting a stay against the said order passed by the CGIT. The Hon'ble High Court Chennai has granted a stay order dated 12 October 2013 on a precondition of deposit of Rs. 4,000,000. The appeal is currently pending with the Hon'ble High Court.

In respect to FY 2013-14 to FY 2013-16, the Company has paid advance bonus of Rs. 17,437,690 to its workers as per the agreement entered with labour unions. However, pending settlement of the above litigation, the same has been recognised as a recoverable in bonus under the head Short-term Loans and Advances. The Company is of the opinion that the claim against it is not ignorable and accordingly believes that an amount will be payable in the above dispute.

40 Unhedged foreign exchange currency exposure

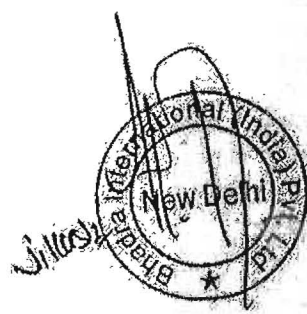
S No	Particulars	Currency	For the year ended 31 March 2016		For the year ended 31 March 2015	
			Foreign Currency	Amount in Rs.	Foreign Currency	Amount in Rs.
1	Cash and bank balance	USD	141,218	9,565,991	54,714	3,424,933
2	Security deposit payable	USD	152,178	10,093,979	177,178	11,089,847
3	Trade receivables	USD	806,328	53,682,733	942,490	58,990,490
4	Trade payables	USD	45,155	2,495,151	22,645	1,415,372
5	Capital creditors	USD	30,438	2,285,838	30,438	2,285,838

41 During earlier years, the Company had granted loan to TDI International India Private Limited (TDI), entity having common directors with the Company. The loan was granted prior to 12 September 2013, effective date of section 185 of the Companies Act, 2013. As per the terms agreed between the parties, the loan granted is repayable on demand. Based on a legal opinion obtained by the Company, it is of the view that these loan transactions are in compliance with section 185 and section 186 of the Companies Act, 2013.



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Bhadra International (India) Private Limited  
Notes to the financial statements for the year ended 31 March 2016  
(Amount in Indian rupees unless stated otherwise)


- 41 The Company has entered into various lease agreements for offices, employee residences and paved land at Airports on operating lease with an option of renewal at the end of the lease term. Lease expense charged during the year to the Statement of Profit and Loss amounts to Rs. 133,469,624 (Previous Year Rs. 83,921,613).
- 42 Previous year financial statements were audited by another firm of Chartered Accountants.

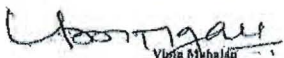
For H S R & Associates LLP  
Chartered Accountants  
Firm Registration Number: 116231W /W-100024

  
Rakish Dewan  
Partner  
Membership No. 092212  
Place: Gurgaon  
Date: 29 September 2016

For and on behalf of the Board of Directors of  
Bhadra International (India) Private Limited.

  
Prem Bajaj  
Chairman & Managing Director  
DIN 00730351  
Place: New Delhi  
Date: 29 September 2016

  
Nayan Bajaj  
Director  
DIN 01115611  
Place: New Delhi  
Date: 29 September 2016

  
Vignu Mahajan  
Chief Finance Officer  
Place: New Delhi  
Date: 29 September 2016

  
Vikash Misra  
Company Secretary  
Place: New Delhi  
Date: 29 September 2016



# BHADRA INTERNATIONAL (INDIA) PRIVATE LIMITED

## BALANCE SHEET

As at March 31<sup>st</sup>, 2015

Particulars	Note	As at 31 March, 2015 (In ₹)	As at 31 March, 2014 (In ₹)
<b>I. EQUITY AND LIABILITIES</b>			
1 Shareholders' funds			
(a) Share capital	2	598,588,100	598,588,100
(b) Reserves and surplus	3	(1,925,240,446)	(1,175,165,485)
2 Non-current liabilities			
(a) Long-term borrowings	4	3,145,109,240	3,343,576,843
(b) Deferred tax liabilities (Net)	29	-	-
(c) Other long term liabilities	5	-	17,135,674
(d) Long-term provisions	6	32,764,178	19,465,529
3 Current liabilities			
(a) Short-term borrowings	7	160,228,932	104,325,185
(b) Trade payables	8	501,515,563	260,135,287
(c) Other current liabilities	9	719,964,862	333,962,096
(d) Short-term provisions	10	3,113,296	2,471,822
<b>TOTAL</b>		<b>3,236,043,725</b>	<b>3,504,495,052</b>
<b>II. ASSETS</b>			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	11	1,881,690,547	2,080,432,036
(ii) Intangible assets	11	60,962,234	78,379,314
(iii) Capital work-in-progress	11	-	19,096,540
(b) Long-term loans and advances	12	831,785,193	964,488,003
(c) Other non-current assets	13	101,138,223	101,433,396
2 Current assets			
(a) Trade receivables	14	233,392,834	185,814,237
(b) Cash and Bank Balance	15	29,488,559	29,006,893
(c) Short-term loans and advances	16	88,867,578	43,854,544
(d) Other Current Assets	17	8,718,557	1,990,089
<b>TOTAL</b>		<b>3,236,043,725</b>	<b>3,504,495,052</b>

Summary of significant accounting policies and  
Notes to financial Statements  
The accompanying notes are integral part of  
these financial statements.

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In terms of our report attached  
For V. SACHDEVA & ASSOCIATES  
Chartered Accountants  
Firm Regd No. 004417N



(V. Sachdev)  
Proprietor  
Membership No. 083435

For and on behalf of the Board of Directors  
Bhadra International (India) Pvt Limited

Prem Bajaj  
Chairman & Managing Director  
DIN No. 00770351

Hityav Bajaj  
Director  
DIN No. 01113831

Vipin Mahajan  
Chief Finance Officer

Vikash Misra  
Company Secretary

Place: New Delhi  
Date: 28/09/2015

# BHADRA INTERNATIONAL (INDIA) PRIVATE LIMITED

## STATEMENT OF PROFIT & LOSS

For the year ended 31<sup>st</sup> March, 2015

Particulars	Note	Year ended 31st March, 2015 (In `)	Year ended 31st March, 2014 (In `)
<b>Income:</b>			
Revenue from Operations	18	1,229,950,495	1,065,055,740
Other income	19	16,805,727	21,541,387
<b>Total Revenue</b>		<b>1,246,756,222</b>	<b>1,086,597,127</b>
<b>Expenses:</b>			
Employee benefits expense	20	563,533,355	475,062,357
Finance costs	21	394,470,167	363,985,524
Depreciation and amortization expense	11	285,992,395	270,330,384
Other expenses	22	752,791,266	650,913,550
<b>Total expenses</b>		<b>1,996,787,183</b>	<b>1,760,291,815</b>
<b>Profit/ (Loss) before tax</b>		<b>(750,030,961)</b>	<b>(673,694,688)</b>
<b>Tax expense:</b>			
(1) Current Year Tax		-	-
(2) Deferred Tax Liabilities/(Assets)			
Deferred Tax Liabilities		-	-
Less : Deferred Tax Assets		-	-
<b>Profit/ (Loss) after tax for the period</b>		<b>(750,030,961)</b>	<b>(673,694,688)</b>
<b>Earnings per equity share</b>	33		
(Nominal Value Rs. 10 per share)			
a) Basic		(20.34)	(18.27)
b) Diluted		(20.34)	(18.27)

Summary of significant accounting policies and  
Notes to financial Statements  
The accompanying notes are integral part of these financial statements.

In terms of our report attached  
For V. SACHDEVA & ASSOCIATES  
Chartered Accountants  
Firm Regd No. 004417N

For and on behalf of the Board of Directors  
Bhadra International (India) Pvt Limited

(V. Sachdev)  
Proprietor  
Membership No. 083435

Prem Bajaj  
Chairman & Managing Director  
DIN No. 00770351

Hityav Bajaj  
Director  
DIN No.01113831



Place: New Delhi  
Date: 28/09/2015

Vijeta Mahajan  
Chief Finance Officer

Vikash  
Vikash Misra  
Company Secretary

Particulars	Current Year 2014-15	Previous Year 2013-14
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit/(Loss) before Tax	(750,030,961)	(673,694,688)
Non-cash adjustment to reconcile profit before tax to net cash flow		
Depreciation on fixed Assets	285,992,395	270,330,384
Foreign Fluctuation Exchange Loss/ (Gain) from Capital Goods	-	-
Unrealised Foreign Fluctuation Exchange Loss/ (Gain)	302,511	(2,706,566)
Provision for Doubtful Debts	-	893,404
Provision for Wealth Tax	332,023	156,266
Amortization/Write off of Misc. Expenditure	8,770,000	8,770,002
Income Tax of Earlier Years	-	-
Other Prior Period Expenses	8,860,895	1,359,789
Capital Advances written off	-	-
Interest Income	(15,336,405)	(15,834,513)
Interest Expense	383,207,154	348,811,965
Operating Profit before Working Capital Changes	672,128,574	611,780,731
Movement in Working Capital:	(77,902,387)	(61,913,957)
(Increase) / Decrease in Trade Receivable	(47,578,597)	(41,803,198)
(Increase) / Decrease in Loan & Advances	87,689,776	(72,609,901)
(Increase) / Decrease in Other Current Assets	(6,772,468)	27,866,276
Increase / (Decrease) in Trade Payables	241,380,276	155,030,650
Increase / (Decrease) in Other Current liabilities	191,141,066	(36,418,754)
Increase / (Decrease) in other long term liabilities	(17,135,674)	1,851,795
Increase / (Decrease) in Provisions	13,764,366	6,089,153
Effect of Exchange Rate change in Movement in Working Capital	(296,093)	2,683,234
Cash Generated from operations	462,192,652	42,689,255
Adjustments for Direct Taxes & other items	384,290,265	(19,224,703)
Prior Period Expenses	(8,860,895)	(1,359,789)
Direct Taxes Paid	(156,266)	(187,741)
<b>Net Cash Flow from Operating Activities (A)</b>	<b>375,273,104</b>	<b>(20,772,233)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed assets	(69,833,826)	(80,762,681)
Increase/ (Decrease) in Capital Work-In-Progress	19,096,540	(19,044,040)
Foreign Fluctuation Exchange Gain/ (Loss)	-	-
Capital Advances written off	-	-
Movements in fixed deposits with Banks	(8,474,827)	8,290,845
Interest Received	15,336,405	15,834,513
<b>Net Cash flow from Investing activities (B)</b>	<b>(43,875,708)</b>	<b>(75,681,363)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Issue of Share Capital	-	-
Proceeds from Security Premium Reserve	-	-
Interest Paid	(314,981,264)	(336,591,506)
Proceeds/Repayments of Unsecured Loan	35,000,000	-
Increase / (Decrease) in Long-term Borrowing	(233,467,603)	228,937,779
Increase / (Decrease) in Current Maturities of Long - term Borrowings	126,635,810	164,046,505
Increase / (Decrease) in Short term Borrowing	55,903,747	40,260,650
<b>Net Cash flow from financing activities (C)</b>	<b>(330,909,310)</b>	<b>96,653,427</b>
<b>Net Increase/ (Decrease) in Cash &amp; Cash Equivalents D=A+B+C</b>	<b>488,086</b>	<b>199,832</b>
Cash & Cash Equivalents at Beginning of Period	28,983,562	28,783,729
<b>Cash &amp; Cash Equivalents at End of Period</b>	<b>29,471,648</b>	<b>28,983,561</b>
<b>Components of cash and cash equivalents</b>		
Cash on hand	930,045	1,308,216
Imprest with branches	781,239	1,632,639
<b>Balances with Banks:</b>		
On Current Accounts	27,777,274	26,066,038
Deposit with original maturity more than 3 months but less than 12 months	-	-
<b>Cash &amp; Cash Balances at End of Period (Refer Note-15)</b>	<b>29,488,559</b>	<b>29,006,893</b>
Less: Effect of exchange Rate exchange in closing balances of Cash & Cash Balances	(16,911)	(23,332)
Less: Deposit with original maturity more than 3 months but less than 12 months	-	-
<b>Cash &amp; Cash Equivalents in the cash flow statement</b>	<b>29,471,648</b>	<b>28,983,561</b>

**Notes:**

- (a). The above Cash Flow Statements has been prepared under the "Indirect Method" as set out in the Accounting Standard -3  
(b). Figures in brackets denotes outflows of cash and cash equivalents.  
(c). Previous year's figures have been regrouped wherever necessary.



In terms of our report attached  
For V. SACHDEVA & ASSOCIATES  
Chartered Accountants  
Firm Regd No. 0044177N  
V. Sachdev  
Proprietor  
Membership No. 083435

Place: New Delhi  
Date: 28/09/2015

Prem Bajaj  
Chairman & Managing Director  
DIN No. 00770351  
Vipin Mahajan  
Chief Finance Officer

For and on behalf of the Board of Directors  
Bhadra International (India) Pvt Limited

Ajay Bajaj  
Director  
DIN No. 01118831

Vikash  
Vikash Misra  
Company Secretary



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## BHADRA INTERNATIONAL (INDIA) PRIVATE LIMITED

### Notes forming Part of Financial Statements :

Significant Accounting Policies & Notes to Accounts attached to and forming part of Balance Sheet as at 31st March' 2015:

#### NOTE 1

##### Significant Accounting Policies followed by the Company

###### Corporate Information

The Company carries on business of rendering Ground Handling Services at seven Airports awarded by Airports Authority of India. During the year the Company provided the Ramp Handling services at all 7 (Seven) Airports & Cargo Handling services at the Chennai & Kolkata Airports.

The Financial statement have been prepared on a going concern basis despite of erosion of net worth of the Company. The said basis is considered appropriate as the restructuring package was approved by the CDR empowered group at their meeting held on 26th April 2013. The company has successfully implemented the package effective from 1st September 2012. It was also able to infuse requisite funds from its shareholders in the FY 2012-13 enabling the continuity of normal business operation. The management is confident of its ability for meeting its obligation and continuity of business operations of the Company in future.

###### Significant Accounting Policies

The Accounting Policies have been consistently applied by the Company and are consistent with those applied in previous year. However the changes are required by a change or revision to an existing accounting standard are dealt in the appropriate paras in the notes forming part of the financial statement.

All assets and liabilities have been classified as current or non current as per the company's normal operating cycle and other criteria set out in the revised schedule VI, based on the nature of the services and time between completion/rendering of services and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of the current and non current classification of the assets and liabilities.

###### (i) Basis of preparation of Financial Statements

a) The financial statements have been prepared as a going concern on accrual basis under the historical cost convention in accordance with the Generally Accepted Accounting Principles in India ("India GAAP") to comply with the Accounting Standards specified under Section 133 of Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of Companies Act 2013, as applicable and other pronouncements issued by the Institute of Chartered Accountants of India.

b) The Company follows Mercantile System of Accounting & recognises significant items of Income & Expenditure on Accrual Basis.

c) The accounting policies have been consistently applied by the Company and are consistent with those applied in the previous year. However the changes as required by the accounting standards or revision to an existing accounting standard or revised Schedule VI are dealt at the appropriate paras in the notes to accounts of the financial statements.

###### (ii) Use Of Estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities and disclosures relating to contingent liabilities as on the date of the financial statement and the reported amount of the income and expenses during the reporting period. Difference between the actual result and estimates are recognized in the period in which the results are known/ materialized. Example of such estimates includes provision for taxation, useful life of fixed assets etc. The estimates are based upon management knowledge of current event & economic circumstances.



12

Uttam Vikash



L 057047

THIS AGREEMENT MADE at New Delhi this 29<sup>th</sup> day of Nov. Two Thousand Ten between AIRPORTS AUTHORITY OF INDIA, a body corporate constituted by the Central Government under the Airports Authority Act, 1994 and having its Corporate Office at Rajiv Gandhi Bhavan, New Delhi and Units at the International Airports at Delhi, Mumbai, Kolkata, Chennai, Thiruvananthapuram, and other Civil Airports in India hereinafter called the Authority" (which expression shall, unless expressly excluded by or repugnant to the context, include its Chairman, Whole time Member, Airport Director, Regional Executive Director, Executive Director, General Manager and Officers and all or any of them duly authorised by Chairman in this behalf and its successors and assigns) of the one part AND a Joint Venture Consortium comprising NOVIA International Consulting ApS with their Headquarters at Terminal 2, DK 2770, Kastруп, Denmark and M/s Bhadra International (India) Limited, a Company incorporated under the laws of India and having its Corporate Office at B-4/62, Safdarjung Enclave, New Delhi-110029 hereinafter called "the Licensee", (which expression shall, unless excluded by or repugnant to the context, be deemed to include its successors and assigns) of the other part.

AND WHEREAS the licensee had submitted a tender to the Authority for providing such Ground Handling Services to the interested airlines at Chennai & Kolkata

Page 1 of 14

Director

Novia Danmark A/S  
Københavns Lufthavn  
2773 Høsting



Airports under the control, supervision and administration of the Authority;

AND WHEREAS the Licensee has been granted the licence for providing Ground Handling Services within the ambit of Airports Authority of India (General Management, Entry for Ground Handling Services) Regulations, 2007 also forming a part of this licence agreement at Chennai & Kolkata Airport(s)

NOW THIS AGREEMENT WITNESSETH AND IT IS HEREBY AGREED by and between the Parties hereto as follows :

- 1(a) This Licence shall commence on the 23<sup>rd</sup> Sept day of 2010 and shall be valid for a period of ten years from 23/9/2010 to 22/9/2020 unless terminated earlier under the provisions of this Agreement.
- 1(b) The licence for ground handling operation is subject to further extension upto 5 years on satisfactory performance & on revised financial terms at the sole discretion of AAI.
- 1(c) In case of privatisation/leasing out of the airport(s), the unexpired period of licence agreement for Ground Handling Services shall be honored by the prospective lessee/operator(s) of such airport(s).
2. The Licensee shall pay to the Authority, amount of gross turnover related royalty as per following details :

Particulars Airports Located in Southern Region	Prescribed amount of GTO in respect of national & International flights(in Rs. In crores p.a.)	Minimum amount of royalty payable to AAI at 13% of the gross turnover calculated on the amount indicated in Column (2) (Rs. In crores)	Additional $\frac{x}{100}$ % of * 19.570 quoted royalty payable to AAI on the annual turn-over, in addition to the 13% of GTO as indicated in Column(2)
(1)	(2)	(3)	(4)
Chennai & Kolkata	211	27 +	41.575

N.B.: Annual gross turnover which will be the actual turnover during the year or the minimum turnover (as indicated in Column 2 above), whichever is higher.

- 3(a) The amount of gross turnover related royalty shall be payable and be paid by the Licensee to the Authority every month in advance on or before the 10th day of every English Calendar month.
- 3(b) The amount of additional royalty at rate/percentage on the basis of actual gross turnover as over and above the AAI prescribed annual turnover shall be payable and

Page 2 of 14

For Bhadra International (India) Ltd.

DR. P. S. SURESH, L. Krishnan  
Executive Director (Commercial)  
AIRPORTS AUTHORITY OF INDIA  
New Delhi

Director Novia Danmark A/S  
København Lufthavn  
2770 Hørsholm



appointed, shall be final and binding on the Parties. The Arbitrator may, with the consent of the parties, enlarge, from time to time, the time for making and publishing the award. The venue of the arbitration shall be at New Delhi.

79. This Agreement shall be governed by and interpreted according to the Laws of India.
80. All matters, claims or disputes arising out of or anyway relating to this Agreement shall be subject to the exclusive jurisdiction of the Courts of law in India only.

IN WITNESS WHEREOF the Parties hereto have executed these presents the day and year first above written.

SIGNED and DELIVERED by the within named AIRPORTS AUTHORITY OF INDIA by its Mr. in the presence of :

1.

2.

SIGNED and DELIVERED by the within named LICENSEE M/s Bhadra International(India) Ltd., B-4/62, Safdarjung Enclave, New Delhi-10029, duly authorised in this behalf in the presence of :

For Bhadra International (India) Ltd.

Director

(Authorized Signatory of M/s Bhadra)  
(PREM BAJAJ)

Signed by the within named Licensee M/s NOVIA International Consulting ApS Terminal 2, DK 2770, Kastrup, Denmark. duly authorized in this behalf in the presence of:

(Authorized Signatory of M/s NOVIA)

Witnesses:

1. Mr. A.K. Sharma, A-1, Sector-31, NOIDA-201301
2. Mr. Ajay Rajpal, D-34, Sham Nagar, New Delhi-110058