



Airports Economic Regulatory Authority of India

TO CONSIDER THE MULTI YEAR TARIFF PROPOSAL AND ANNUAL TARIFF PROPOSAL FOR THE SECOND CONTROL PERIOD IN RESPECT OF M/s BIRD WORLDWIDE FLIGHT SERVICE MUMBAI PVT. LTD. (BWFS) FOR PROVIDING GROUND HANDLING SERVICES AT CHHATRAPATI SHIVAJI INTERNATIONAL AIRPORT, MUMBAI.

New Delhi: 2nd August, 2018.

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

1. Brief Background:

M/s BWFS is one of the Ground Handling agencies appointed by Mumbai International Airport Ltd. for carrying out Ground Handling (GH) at Chhatrapati Shivaji International Airport, Mumbai and entered into Concession Agreement with MIAL on 11.02.2016. M/s BWFS is the new Independent Service Provider (ISP) and started their operations/Ground handling services from 15th July, 2016 at Chhatrapati Shivaji International Airport, Mumbai.

2. MYTP/ATP/ACS Submissions made by M/s BWFS for 2nd control period.

M/s BWFS submitted their MYTP/ATP online on 14.02.2017 and submitted the Audited Balance Sheet for FY 2016-17 on 19.01.2018 (**Annexure I**). BWFS vide their email dated 05.07.2018 submitted ATP for FY2018-19 with an increase of 10% from the existing tariff. M/s BWFS submitted the existing tariff which they have charged for its Ground Handling Services for FY2016-17 and FY2017-18(**Annexure-II**). M/s BWFS submitted the Annual Compliance Statement (ACS) for the FY 2016-17(Audited) and FY2017-18 (Unaudited) (**Annexure III**). M/s BWFS has submitted the copy of User Agreement for Mumbai Airport. M/s BWFS submitted the Copy of Concession Agreement with MIAL for scrutiny of the Authority. M/s BWFS has submitted the projected volume based on business plan and Capital Expenditure and its financing plans year on year for second control period (**Annexure-IV**).

3. Principles for Determination of Aeronautical Tariff under “Light Touch Approach”.

3.1 The Authority vide its Order No. 12/2010-11 dated 10.01.2011 and Direction No. 04/2010-11 issued on 10.01.2011 finalized its approach in the matter of Regulatory Philosophy and Approach in Economic Regulation of the Services provided for Cargo Facility, Ground Handling and Supply of Fuel to the Aircraft at the major airports and issued the Airports Economic Regulatory Authority of India (Terms and Conditions for Determination of Tariff for Services provided for Cargo Facility, Ground Handling and supply of Fuel to the Aircraft) Guidelines, 2011 (“ the Guidelines”).

3.2 In accordance, to above mentioned AERA Guidelines and Directions the following procedure is followed:

a) Stage1: **Materiality:**

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

$$\begin{aligned} \text{The materiality index at Chennai Airport} &= 74086/330467 \\ &= 22.42\% \end{aligned}$$

The percentage share of Ground Handling for Chhatrapati Shivaji International Airport, Mumbai for the FY 2014-15 is 22.42% which is more than 5% Materiality Index (MIg) for the above subject service. Hence the regulated service is deemed as ‘**Material**’ for the second control period.

b) Stage 2: **Competition:** AERA on provisions of the National Civil Aviation Policy (NCAP- 2016), vide Order No. 15/2016-17 dated 12th Jan,2017 decided to consider three (3) Ground Handling Agencies (GHA) including Air India's subsidiary/JV for competition assessment at all major airports. As per the information available, M/s Celebi Nas & AIATSL are the other service provider which is rendering similar service at Mumbai International Airport. Hence in the instance case, there are three Ground Handling service providers including BWFS, and therefore the service is deemed '**Competitive**'.

c) Stage 3: **Reasonableness of existing User Agreement(s):** M/s BWFS has submitted the following User Agreements for Mumbai International Airport:

- a) Oman Air (S.A.O.C)
- b) Kenya Airways

Till date none of the Users has complained on the Ground Handling services of BWFS.

3.3 BWFS has submitted the copy of Concession Agreement with MIAL for the scrutiny of the Authority.

3.4 BWFS has not conducted the stakeholder consultation with the users and submitted/justified to the Authority that they have started Ground Handling from 15th July,2016 and M/s BWFS is yet to identify/develop the customers/users. Further, M/s BWFS has assured AERA that in future they will comply with AERA Guidelines and conduct stakeholder consultation.

4 Authority's Examination on the proposal.

4.1 The services rendered by BWFS for providing Ground Handling facility at Mumbai Airport are aeronautical services in terms of section 2(a) of the Airports Economic Regulatory Authority of India Act, 2008 (Act) and under section 13 (1)(a) of the Act, the Authority is required to determine tariff for aeronautical services.

4.2 M/s BWFS started their Ground Handling Operations from 15th July, 2016 and submitted the Annual Compliance Statement (ACS) for the tariff year FY2016-17 & FY2017-18(provisional) for Second control period. BWFS has submitted ATP for the 1st,2nd & 3rd Tariff Year of second control period. M/s BWFS has not submitted any evidence of stakeholder consultation meeting for the proposed ATP.

4.3 Based on the ACS submission by BWFS a comparative scenario of revenue, cost and return on average RAB for the FY2016-17 and FY2017-18(provisional) is prepared and annexed as "**Annexure-V**". The Authority observed the following parameters in the financials as submitted by BWFS:

- a) Return on Average RAB for FY2016-17 and FY 2017-18 stands at -57% and 1% respectively.

- b) The turnover/profit % earned in FY 2016-17 and FY2017-18 is -56% and 0.42% respectively.
- 4.4 The Authority observed that M/s BWFS incurred losses in FY 2016-17 & FY2017-18(provisional) mainly due to increased personnel expenses.
- 4.5 The Authority observed that M/s BWFS in their submissions vide their letter dated 06.07.2018 proposed/requested for tariff increase of 10% in FY2018-19.

5 Proposal

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

- 5.1 The service for Ground handling being provided by M/s BWFS at Chhatrapati Shivaji International Airport, Mumbai is **“Material and Competitive”**. The Authority further examined the user agreements wherein it is observed that the users have not raised any reasonable objections or concern. Hence in accordance to the provisions of Chapter V of the AERA Guidelines the tariff will be determined under **“Light Touch Approach”** for the duration of Second Control Period (01.04.2016 to 31.03.2021) and accordingly proposes to issue the MYTO for the 2nd control period.
- 5.2 Moreover in view of fact stated at para 4.3 & 4.4, it is proposed that M/s BWFS may be allowed to charge as per the proposed tariff with an increase of 10% for FY2018-19 and the same tariff may be continued for FY2019-20 and FY2020-21. The tariff from the issue of this order to 31.03.2021 of the second control period for Ground Handling Services provided by M/s BWFS at MIAL, Mumbai is proposed as **Annexure-VI**. However the performance of the Company based on audited financials will be quantified/trued up at the end of 2nd Control period.
- 5.3 The Authority will issue the final order only after considering the written comments/observations of the stakeholder.
- 5.4 Tariff determined as above will be maximum tariff to be charged. No other charge is to be levied over and above the approved tariff.
- 5.5 BWFS should not exceed the tariff charges for its Non-Schedule Operations as approved by AERA for its schedule operations for similar class of aircraft.
- 5.6 In accordance with the provisions of Section 13(4) of the AERA Act, the proposal contained in para 5 above is hereby put forth for stakeholder consultation. To assist the stakeholders in making their submissions in a meaningful and constructive manner, necessary documents are enclosed as annexures to the consultation paper. For removal of doubts, it is clarified that the contents of this Consultation Paper may not be construed as any Order or Direction of this Authority. The Authority shall pass an Order, in

the matter, only after considering the submissions of the stakeholders in response here to and by making such decision fully documented and explained in terms of the provisions of the Act.

- 5.7 The Authority welcomes written evidence-based feedback, comments and suggestions from stakeholders on the proposal made in para 5 above, latest by 22nd Aug, 2018 at the following address:

**Secretary,
Airports Economic Regulatory Authority of India,
AERA Building,
Administrative Complex,
Safdarjung Airport,
New Delhi- 110003
Email: puja.jindal@nic.in
Tel: 011-24695042
Fax: 011-24695039**

**S. Machendranathan
Chairperson**

239/सि.न.व.ऐ.र.ए.
19/1/18

243

Annexure -I



विमानपत्तन आर्थिक विनियामक प्राधिकरण
साफदरजग एयरपोर्ट, नई दिल्ली-110003

प्राप्त
लायसी नं: 11804
तारीख: 19/01/2018

19th January, 2018

The Secretary
Ms. Puja Jindal
OSD II
AERA Building Administrative Complex
Safdarjung Airport
New Delhi 110003

Sub: Submission of "Annual Compliance Statement FY 16-17" of Bird Worldwide Flight Service
Mumbai Private Limited for its operations at Chhatrapati Shivaji International Airport, Mumbai

Dear Sir/Mam

This is in reference of your E-mail dt.11th December, 2017; we are herewith enclosing Annual Compliance Statement in accordance with clause 10.11 read with para AI.9.3 & AI.9.4 of AERA for financial year 2016-17 along with Audited Financials of the company for FY 16-17 for your kind references.

We trust that you will find the details in line with AERA guideline and requirements.

Kindly acknowledge the receipt.

Thanking you,

Yours Sincerely

For Bird Worldwide Flight Service Mumbai Private Limited


Authorized Signatory

Place: New Delhi

19/1
SGA
Sh. K. K. (T)
24/1/18

Bird Worldwide Flight Service Mumbai Private Limited
E-9, Connaught House, Connaught Place
New Delhi - 110001 India

www.bird.in
Tel: +91 11 2341 8199
Fax: +91 11 2341 5679
CIN: U63000DL2016PTC290790

BIRD WORLDWIDE FLIGHT SERVICE MUMBAI PRIVATE LIMITED
Balance Sheet as at 31st March' 2017

Particulars	Note	(Amount in Rs.)	(Amount in Rs.)
		As at March 31, 2017	As at March 31, 2016
EQUITY AND LIABILITIES			
Shareholders' funds			
Share Capital	2	467,500,000	120,000,000
Reserves and Surplus	3	(211,503,434)	(72,565)
Non-current liabilities			
Long-Term Borrowings	4	442,804,011	-
Deferred Tax Liabilities (Net)	5	20,933,735	-
Long-Term Provisions	6	1,949,453	-
Current liabilities			
Short-Term Borrowings	7	59,619,950	-
Trade Payables	8	71,992,431	5,178,770
Other Current Liabilities	9	113,241,955	-
Short-Term Provisions	10	1,619,945	-
TOTAL		968,158,046	125,106,205
ASSETS			
Non-current assets			
Fixed assets			
(i) Tangible Assets	11	611,225,252	-
(ii) Intangible Assets		14,721,251	-
(iii) Capital Work-in-Progress	11a	-	20,478,656
Long-Term Loans and Advances	12	160,274,345	103,286,625
Other Non-Current Assets	13	35,305,416	-
Current assets			
Trade Receivables	13	87,546,831	-
Cash and Bank Balances	14	5,167,174	1,340,924
Short-Term Loans and Advances	15	53,917,777	-
TOTAL		968,158,046	125,106,205
Significant Accounting Policies and Notes to Accounts	1 to 35		

Significant Accounting Policies and Notes to Accounts referred to above form an integral part of the Balance Sheet

This is the Balance Sheet referred to in our report of even date attached

For Shailender K Bajaj & Co.
Chartered Accountants
Firm Regn. No. 12491N

Shailender Kumar Bajaj

Shailender K. Bajaj
Proprietor
M. No. 91615

For and on behalf of the Board of Directors

Radha Bhatia

Radha Bhatia
Director
Din No. 00003385

Gaurav Bhatia

Gaurav Bhatia
Director
Din No. 00911852

Place: New Delhi

Dated: 25 SEP 2017

BIRD WORLDWIDE FLIGHT SERVICE MUMBAI PRIVATE LIMITED
Statement of Profit and Loss for the period ended 31st March' 2017

Particulars	Note	(Amount in Rs.)	(Amount in Rs.)
		Current year	Previous Year
Income:			
Revenue from Operations	17	331,317,747	-
Other Income	18	11,301,283	-
Total Revenue		342,619,030	-
II. Expenses:			
Personnel Expenses	19	161,123,581	-
Finance Cost	20	17,816,345	1,281
Depreciation and Amortization Expense	11	23,255,824	-
Other Expenses	21	330,920,414	71,284
Total Expenses		533,116,164	72,565
III Profit/(Loss) Before Tax (I-II)		(190,497,134)	(72,565)
Tax Expense:			
(1) Current Tax		-	-
(2) Deferred Tax		20,933,735	-
Loss for the year		(211,430,869)	(72,565)
Loss per equity share:		(211)	(0.07)
Significant Accounting Policies and Notes to Accounts	I to 35		

Significant Accounting Policies and Notes to Accounts referred to above form an integral part of the Statement of Profit & Loss.

This is the Statement of Profit and Loss referred to in our report of even date attached

For Shailender K Bajaj & Co.
Chartered Accountants
Firm Regn. No. 12491N

Shailender Kumar Bajaj

Shailender K. Bajaj
Proprietor
M. No. 91615

For and on behalf of the Board of Directors

Radha Bhatia

Radha Bhatia
(Director)
Din No. 00003385

Gaurav Bhatia

Gaurav Bhatia
(Director)
Din No. 00911852

Place: New Delhi

Dated: 25 SEP 2017

Annual Tariff Proposal for 1st , 2nd & 3rd Tariff Year for 2nd Control period
Bird Worldwide Flight Service Mumbai Private Limited (Operations at Chhatrapati Shivaji International Airport
(Mumbai))

Maximum Rate to be paid by Scheduled Airlines for comprehensive Ground Handling

FORM -14(b)

Aircraft Type/ Category (ICAO code)	Tariff Heading	GROUND HANDLING TARIFF RATE		
		2016-17	2017-18	2018-19
International - Passenger aircraft				
C (S)	Comprehensive	63,100	63,100	69,410
	Ramp	47,300	47,300	52,030
C	Comprehensive	104,560	104,560	115,016
	Ramp	78,100	78,100	85,910
D	Comprehensive	174,110	174,110	191,521
	Ramp	139,090	139,090	152,999
E	Comprehensive	205,060	205,060	225,566
	Ramp	164,520	164,520	180,972
F	Comprehensive	287,060	287,060	315,766
	Ramp	224,410	224,410	246,851
International - Freighter aircraft				
C	Ramp	87,600	87,600	96,360
D	Ramp	153,930	153,930	169,323
E	Ramp	180,370	180,370	198,407
F	Ramp	246,870	246,870	271,557
Domestic - Passenger aircraft				
C (S)	Comprehensive	17,800	17,800	19,580
	Ramp	11,880	11,880	13,068
C	Comprehensive	28,710	28,710	31,581
	Ramp	19,800	19,800	21,780
D	Comprehensive	46,510	46,510	51,161
	Ramp	34,650	34,650	38,115

Notes:

- 1) The rates with each customer airline shall be negotiated based on service requirements as agreed in Standard Ground Handling Agreement (SGHA) signed with them. The service requirement shall be based on usage of resources such as equipment / manpower, frequency of flights / volume, service level agreement, credit period and liability and indemnity etc.
- 2) These rates may be revised, where external economic / financial factors warrant a review. However, any change shall be in consultation with the relevant authorities (AERA) and related stakeholders.
- 3) All the above mentioned rates are excluding Government taxes & levies such as service tax / GST etc. The same shall extra as may be applicable.

Form 16 : Performance Report for the Tariff Year

Mumbai Station

Particulars	Actual (Audited) 2016-17	Forecasted Figure 2016-17
Total Revenue from Regulated Services (1)	331,317,747	305,987,652
Total Revenue from Services other than Regulated Services (2)	-	-
Operating Expenditure (3)	492,043,995	494,777,135
Depreciation (4)	23,255,824	39,812,888
Total Expenditure (3) +(4) = (5)	515,299,819	534,590,023
Regulated Operating Profit (1) + (2) - (5)= (6)	(183,982,072)	(228,602,372)
Capital Expenditure (7)	649,202,327	694,300,567
Opening RAB (8)	20,478,656	-
Disposals/ Transfers/Depreciation (9)	43,734,480	39,812,890
Closing RAB (8) +(7) -(9) = (10)	625,946,503	654,487,677
Average RAB (8) + (10)/2 = (11)	323,212,580	327,243,839
Return on Average RAB (6)/(11)	(0.57)	(0.70)
Total Volume (Cargo /Fuel throughput/ATM) (12)	2,597	2,610
Actual Yield per unit (12/1)	127,577	117,237

Tariff year commence on 1st April to 31st March.

" Actual figures given in this Annual Compliance statement for the tariff years 2016-17 have been taken from the audited financial statements."

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

Date : 19th January 2018

Place : New Delhi



For Shailender K Bajaj & Co.
Chartered Accountants
Firm Registration No. 12491N

Shailender Kumar Bajaj

(Shailender K. Bajaj)
Proprietor
M.No. 091615

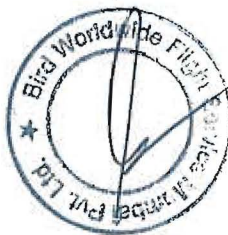
Performance Report for the Tariff Year
 2017-18

	Actual (Provision) 2017-18	Forecasted Figure 2017-18	Actual (Audited) 2016-17	Forecasted Figure 2016-17
Revenue from Regulated Services (1)	929,464,286	881,296,780	331,317,747	305,987,652
Total Revenue from Services other than Regulated Services (2)	-	-	-	-
Operating Expenditure (3)	872,309,491	708,344,580	492,043,995	463,016,615
Depreciation (4)	53,268,429	68,532,778	23,255,824	39,812,888
Total Expenditure (3) + (4) = (5)	925,577,920	776,877,358	515,299,819	502,829,503
Regulated Operating Profit (1) + (2) - (5) = (6)	3,886,366	104,419,421	(183,982,072)	(196,841,852)
Capital Expenditure (7)	145,427,885	-	649,202,327	694,300,567
Opening RAB (8)	625,946,503	654,487,677	20,478,656	-
Disposals/ Transfers/Depreciation (9)	53,268,429	68,532,780	43,734,480	39,812,890
Closing RAB (8) + (7) - (9) = (10)	718,105,959	585,954,897	625,946,503	654,487,677
Average RAB (8) + (10)/2 = (11)	672,026,231	620,221,287	323,212,580	327,243,839
Return on Average RAB (6)/(11)	0.01	0.17	(0.57)	(0.60)
Total Volume (Cargo /Fuel throughput/ATM) (12)	9,911	10,041	2,597	2,610
Actual Yield per unit (12/1)	93,781	87,770	127,577	117,237

Tariff year commence on 1st April to 31st March.

" Actual figures given in this Annual Compliance statement for the tariff years 2017-18 have been taken from the provisional/unaudited financial statements."

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



Summary of Volume and Turnover based on updated business plan

Particulars	2016-17 Tariff Year 1 (prov.)	2017-18 Tariff Year 2	2018-19 Tariff Year 3	2019-20 Tariff Year 4	2020-21 Tariff Year 5
Turnover (In crores)	32.77	97.10	101.68	106.29	111.12
Volume	2,810	11,807	12,265	12,745	13,036

Note 1: The above projections (estimates) varies from estimate submitted in MYTP due to clarity in business proposition after first year of operations.

Note 2 : Year 1 is for nine months operation.

Year wise Capital Expenditure Financing Plans

Project Type	2016-17 Tariff Year 1	2017-18 Tariff Year 2	2018-19 Tariff Year 3	2019-20 Tariff Year 4	2020-21 Tariff Year 5
Project Capex - Internal Accruals (in crores)	70.43	25.67	5.00	5.00	5.00

Note: The increase in capex in year 2 is due to cater additional business volume



Bird Worldwide Flight Service Mumbai

Annual Compliance Statement

Rs. in Crs.

Sl. No.	Performance report for the years	2016-17	2017-18
1	Regulated revenue:	33.13	92.94
2	Regulated Service-Cargo Handling	0	0
3	Other than Regulated Services	0	0
4	Total Revenue{(1)+(3)}	33.13	92.94
Expenditure			
5	Operating Expenditure	49.2	87.23
6	Depreciation	2.32	5.32
7	Total Expenditure{(5)+(6)}	51.52	92.55
8	Operating Profit{(4)-(7)}	-18.39	0.39
9	Capital Expenditure	64.92	14.54
10	Opening RAB	2.04	62.59
11	Disposals/ Transfers	2.05	
12	Depreciation	2.32	5.32
13	Closing RAB{(9+10-11-12)}	62.59	71.81
14	Average RAB{(10+13)/2}	32.315	67.2
15	Return on Average RAB {(8)/(14)}	-57%	1%
16	profit margin	-56%	0.42%
17	Total Volume(MT)	2,597	9,911

**Bird Worldwide Flight Service Mumbai Private Limited
Chhatrapati Shivaji International Airport (Mumbai)**

Proposed Rates for the FY2018-19, FY 2019-20 & FY2020-21 from the Date of issue of Tariff Order.

Aircraft Type/ Category (ICAO code)	Tariff Heading	Proposed Tariff
		FY2018-19, FY 2019-20 & FY2020-21
International - Passenger aircraft		
C (S)	Comprehensive	69410
	Ramp	52030
C	Comprehensive	115016
	Ramp	85910
D	Comprehensive	191521
	Ramp	152999
E	Comprehensive	225566
	Ramp	180972
F	Comprehensive	315766
	Ramp	246851
International - Freighter aircraft		
C	Ramp	96360
D	Ramp	169323
E	Ramp	198407
F	Ramp	271557
Domestic - Passenger aircraft		
C (S)	Comprehensive	19580
	Ramp	13068
C	Comprehensive	31581
	Ramp	21780
D	Comprehensive	51161
	Ramp	38115

Notes:

- 1) The rates with each customer airline shall be negotiated based on service requirements as agreed in Standard Ground Handling Agreement (SGHA) signed with them. The service requirement shall be based on usage of resources such as Equipment / Manpower, Frequency of Flights / Volume, Service level agreement, Credit period and Liability and Indemnity etc.
- 2) These rates may be revised, Where external Economic / Financial factors warrant a review. However, any change shall be in consultation with the relevant Authorities (AERA) and related Stakeholders.
- 3) All the above mentioned rates are excluding Government taxes & levies such as Service tax / GST etc. The same shall be extra as may be applicable.
