

AERA/20010/MYTP/BWFS/GH/Mum/CP-II/2016-17  
**Airports Economic Regulatory Authority of India**

**Order No. 16/2018-19**

**AERA Building,  
Administrative Complex,  
Safdarjung Airport,  
New Delhi – 110003.**

**Date of Issue: 27.08.2018.**

**Service : Ground Handling Services.  
Service provider : Bird Worldwide Flight Service Mumbai Pvt. Ltd.  
Airport : Chhatrapati Shivaji International Airport, Mumbai.**

**In the matter of Multi Year Tariff Proposal (MYTP) and Annual Tariff Proposal(ATP) 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.**

1. 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 15<sup>st</sup> July, 2016 at Chhatrapati Shivaji International Airport, Mumbai. The Authority vide Order No. 43/2017-18 dated 28.03.2018 allowed AO/ISPs including M/s BWFS, Mumbai to continue with the existing tariff till the determination of tariffs for Second Control period.
2. 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. 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. M/s BWFS submitted the Annual Compliance Statement (ACS) for the FY 2016-17(Audited) and FY2017-18 (Unaudited). 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.
3. **a) Materiality:** As per Clause 4.4 of the CGF Guidelines, 2011 for the regulated service(s) provided for Ground Handling facility at the major airports, the percentage share of Ground Handling for Chhatrapati Shivaji International Airport, Mumbai is 22.42% which is greater than 5% Materiality Index (MIg) for the above subject service. Hence the regulated service is deemed '**Material**' for the second control period.



**b) Competition:** As per the information available, M/s Celebi Nas & AIATSL are the other Ground Handling Service Providers which are rendering similar service at Chhatrapati Shivaji International Airport. As three Ground Handling agencies are operating, the service is deemed '**Competitive**'.

**c) 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.

4. **(i)** The Authority considered the submissions made by M/s BWFS and issued a Consultation paper No. 11/2018-19 dated 2<sup>nd</sup> Aug, 2018 wherein, the Authority proposed that the service for Ground handling being provided by M/s BWFS at Chhatrapati Shivaji International Airport, Mumbai, is deemed "**Material and Competitive**" and hence in accordance to the provisions of Chapter V of the AERA Guidelines, the tariff will be determined under "**Light Touch Approach**" for the duration of Second Control Period (01.04.2016 to 31.03.2021). The Authority proposed in the above mentioned Consultation Paper that M/s BWFS may be allowed to charge tariff with an increase tariff of 10% in FY2018-19 on the existing tariff and continue with the same tariff for FY 2019-20 and FY2020-21.

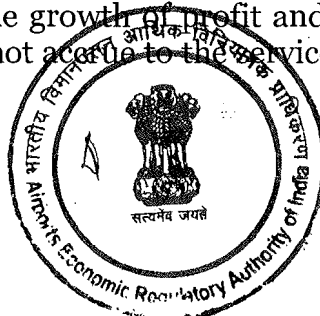
**(ii)** The Authority noted that M/s BWFS's Return on Average RAB is -57% for FY 2016-17 and 1% for FY 2017-18 and the turnover/loss % in FY 2016-17 and FY2017-18 is -56% and 0.42% respectively.

**(iii)** The Authority sought written evidence based feedback, comments and suggestions from stakeholders on the above mentioned consultation paper (CP) by 22<sup>nd</sup> Aug, 2018. The Authority vide email dated 02.08.2018, informed the same to all concerned stakeholders on their registered email IDs. In response, no comment has been received from Stakeholders. M/s BWFS has also not commented on the above mentioned Consultation Paper.

## **ORDER**

Upon careful consideration of the material available on record, the Authority, in exercise of powers conferred by Section 13(1) (a) of the AERA Act, 2008, hereby orders that:

- (i)** The service for Ground handling being provided by M/s BWFS at Mumbai International Airport Ltd (MIAL) is "**Material and Competitive**" and hence in accordance to the provisions of Chapter V of the AERA Guidelines, the tariff will be determined under "**Light Touch Approach**" for the duration of Second Control Period (01.04.2016 to 31.03.2021).
- (ii)** The Authority is of the view that 'the Guidelines' need not be followed in a routine manner. Further even in 'Light Touch approach,' the Authority examines the margins, the growth of profit and Return on RAB to ensure that extraordinary profits do not accrue to the service provider and that the ultimate



customer is not burdened with higher tariffs as the latter does not have any say in the User Agreements.

- (iii) M/s BWFS has requested for increase in tariff by 10% for FY2018-19 and having regards to higher operating costs and the loss being incurred by M/s BWFS a onetime increase of 10% in FY2018-19 on the existing tariff is considered sufficient to provide a reasonable return to the ISP. Accordingly, M/s BWFS is allowed to charge tariff with an increase tariff of 10% in FY2018-19 on the existing tariff and continue with the same tariff for FY 2019-20 and FY2020-21. The tariff from the date of issue of the order to 31.03.2021 of the second control period for Ground Handling Service rendered by M/s BWFS at Mumbai International Airport, Mumbai is as per **Annexure-I**.
- (iv) Tariff determined as above will be maximum tariff to be charged. No other charge is to be levied over and above the approved tariff.
- (v) M/s 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.
- (vi) M/s BWFS should conduct the Stakeholder consultation with the users on the proposed Annual Tariff Proposals (ATPs) in future before approaching AERA for tariff determination.

सत्यमेव जयते

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

*Puja Jindal*  
**(Puja Jindal)**  
Secretary

भा.वि.आ.वि.प्रा.

To,

**Bird Worldwide Flight Service Mumbai Pvt. Ltd.**  
**E-9, Connaught House, Connaught Place**  
**New Delhi-110001**  
**(Through Shri Sanjay Savant, CFO)**



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

Tariff 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	Annual Tariff
		FY2018-19, FY 2019-20 & FY2020-21
<b>International - Passenger aircraft</b>		
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
<b>International - Freighter aircraft</b>		
C	Ramp	96360
D	Ramp	169323
E	Ramp	198407
F	Ramp	271557
<b>Domestic - Passenger aircraft</b>		
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.

