



Airports Economic Regulatory Authority of India

TO CONSIDER THE MULTI YEAR TARIFF PROPOSAL AND ANNUAL TARIFF PROPOSAL(T₁ to T₅) FOR THE SECOND CONTROL PERIOD IN RESPECT OF M/s BIRD WORLDWIDE FLIGHT SERVICES(INDIA) PVT. LTD.(BWFS) FOR PROVIDING GROUND HANDLING SERVICES AT DELHI INTERNATIONAL AIRPORT,DELHI.

New Delhi: 25th April, 2017

**AERA Building
Administrative Complex
Safdarjung Airport**

1. Brief Background:

- 1.1 The Authority, vide its MYTO Order No. 25 dated 21.10.2011, decided to adopt **‘Light Touch Approach’** in respect of the BWFS for Ground Handling Services at IGI Airport for determination of tariffs for the first control period. Subsequently, the Authority also determined the Annual tariff vide Order No. 47/2012-13 dated 30.01.2013 for the first tariff year (w.e.f. 01.04.2011 to 31.03.2012), second tariff year (w.e.f. 01.04.2012 to 31.03.2013), third tariff year (w.e.f. 01.04.2013 to 31.03.2014) and fourth tariff year (w.e.f. 01.04.2014 to 31.03.2015). The tariff for fifth tariff year (FY2015-16) of the first control period was also determined by the Authority vide Order No. 33/2015-16 dated 11.09.2015.

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

- 2.1 M/s BWFS submitted its online Multi Year Tariff Proposal (MYTP) for the second control period on 23.03.2016.
- 2.2 M/s BWFS vide their letter dated 07.10.2016 submitted the Annual Compliance statement (ACS) for tariff year FY2015-16.
- 2.3 M/s BWFS, vide their letter dated 20.12.2016 submitted ATP for FY2016-17 and sought an increase of 12% in International tariff based on the revision of ceiling rates by DIAL in accordance with concession agreement. **(Annexure I)**. M/s BWFS has not proposed any increase in Domestic tariff card and has proposed the same tariff as of FY 2015-16.
- 2.4 M/s BWFS vide email dated 13.04.2017, submitted the set of services provided/covered under the tariff head Pax/Terminal Handling, Ramp Handling and Comprehensive Handling **(Annexure II)**.

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 Airport Economics 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 As per clause 3 of the CGF Guidelines, the Authority shall while considering the proposal under the ‘Light Touch Approach’, follow a three stage procedure for determining its approach to the regulation of Regulated Service(s) as under:
 - 3.2.1.1 Stage 1: The Authority shall first assess ‘Materiality’ according to provisions of Clause 4;
 - 3.2.1.2 Stage 2: The Authority shall then assess ‘Competition’ according to provision of Clause 5; and
 - 3.2.1.3 Stage 3: The Authority shall then assess the reasonableness of existing User Agreement(s), according to provision of Clause 6.

- 3.3 As per clause 4.4 of the Guidelines in respect of Ground handling services, the materiality shall be assessed as a percentage of the International Aircraft Movement at IGI Airport, Delhi to Total Intl. Aircraft Movements at all major airports.

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

The materiality index at Delhi Airport = $85810/330467$

$$= 25.97\%$$

The percentage share of Ground handling for IGI Airport, New Delhi for the FY2014-15 is 25.97% 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.

- 3.4 As per clause 5 of the CGF Guidelines, where a regulated service is being provided at a major airport by two or more Service Provider(s), it shall be deemed 'competitive' at that airport. If a Regulated Service is provided by less than two Service Provider(s), it shall be deemed 'non-competitive'. 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.

3.4.1 As per the information furnished by BWFS in Form F1(b) on competition Assessment, CELEBI Ground Handling Delhi Pvt. Ltd. and AISATS is the other service provider(s) which is rendering similar service at Delhi Airport.

3.4.2 Hence in the instance case, there are three Ground handling facility service providers including BWFS, thus service is deemed **'material but competitive'**

- 3.5 As per Clause 6 of CGF Guidelines, the Authority shall consider the existing User Agreement(s) as reasonable provided that:

3.5.1 The Service Provider submits the 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

3.5.2 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.

3.5.3 BWFS has submitted the copy of Concession Agreement with DIAL and copy of user agreements with some of the key users of their services.

- 3.6 Clause 3.2 (ii) and Chapter V of the Guidelines provides that wherever the regulated service provided is 'material but competitive', 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. However, the Authority reserves the right to review materiality assessments, competition assessments and the reasonableness of the User Agreements within the Control period and issue such direction or make such orders as it may consider necessary.
- 3.7 As per Clause 11.2, the ATP is required to be submitted in the manner and form provided in clause AI. 8.1 (Appendix I) of the CGF Guidelines and should be supported by the following documents:
 - 3.7.1 Form B and Form 14(b).
 - 3.7.2 Details of consultation with stakeholders.
 - 3.7.3 Evidence of User Agreements clearly indicating the Tariff proposed by the Service Provider.
- 3.8 BWFS has submitted the Form B and copy of user agreements.

4 Authority's Examination of the proposal.

- 4.1 The services rendered by BWFS for providing Ground Handling facility at Delhi 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 has submitted its Annual compliance statement(ACS) for the tariff years 2011-12 to 2015-16 of first control period and Annual Tariff Proposal(ATP) for FY. 2016-17 vide their letter dated 11.01.2017.
- 4.3 M/s BWFS revised its tariff card last in FY 2015-16 vide AERA order No. 33/2015-16 dated 11.09.2015 and an increase of 12% is sought/proposed for FY2016-17 compared with the earlier approved tariff. **(Annexure III)**
- 4.4 Based on the same ACS submissions by BWFS, a comparative scenario of revenue, cost and return on average RAB for the first control period is prepared and annexed(**Annexure IV**). The Authority in its 171st Authority meeting held on 20.03.2017 decided not to approve the increase of 12% sought in ATP by BWFS for FY 2016-17 on examination of following parameters of ACS:
 - a) Very high Return on RAB: 104.57% in FY 2015-16.
 - b) Very high Regulatory Operating Profit 157% in FY 2015-16 compared to FY 2014-15.
 - c) 12% increase in volume for FY 2015-16 when compared to FY 2014-15.
- 4.5 BWFS has submitted existing tariff card for non-scheduled airlines and requested AERA to treat it as confidential due to competition.

5 Proposal

The Authority, after careful consideration of the MYTP and ATP for FY 2016-17, makes the following proposal for stakeholder consultation:

- 5.1 The tariff for the first tariff year TI (2016-17) for Ground Handling services rendered by BWFS at IGI Airport, New Delhi may be continued/maintained at the same level as approved by AERA order No. 33/2015-16 dated 11.09.2015 (**Annexure –V**) since the service provider's earnings are already at a high level.
- 5.2 The tariff charges for Non-Schedule operations provided by M/s BWFS should not exceed the ceiling rates approved by AERA for its scheduled operations for its similar class of aircraft.
- 5.3 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 hereto and by making such decision fully documented and explained in terms of the provisions of the Act.
- 5.4 As the Authority has not proposed any increase in the tariff, there is no requirement for organising stakeholders meeting. Hence the Authority shall consider the written submission made by stakeholders before taking the final decision in the matter. The Authority welcomes written evidence-based feedback, comments and suggestions from stakeholders on the proposal made in para 5 above latest by 8th May, 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
Tel: 011-24695042
Fax: 011-24695039**

**S. Machendranathan
Chairperson**



Bird Worldwide Flight Services

ANNEXURE-I

20th December, 2016

Mr. P.C. Jain
AGM Finance
AERA Building Administrative Complex
Safdarjung Airport
New Delhi 110003

Sub: Submission of "Annual Tariff Proposal for FY 16-17" in respect of Bird Worldwide Flight Services (India) Private Limited for its operations at Delhi International Airport, Delhi

Dear Sir/Mam

We are herewith enclosing Annual Tariff Proposal for your kind reference.


We hope that you will find the details in order as per AERA guidelines and requirements.

Kindly acknowledge the receipt.

Thanking you,

Yours Sincerely

For Bird Worldwide Flight Services (India) Private Limited


Authorized Signatory

Place: New Delhi



BIRD WORLDWIDE FLIGHT SERVICES (INDIA) PVT. LTD.
E-9, Connaught House, Connaught Place
New Delhi - 110 001 India

www.bird.in
Tel: +91 11 2341 8199
Fax: +91 11 2341 5679
CIN: U62200DL2008PTC184155

Bird Worldwide Flight Services (India) Private Limited

Maximum rates to be paid by Scheduled Airlines for ground handling services in Tariff year 2 (2016-17)

Indira Gandhi International Airport, New Delhi

S.No.	ICAO Code	Aircraft Type	Domestic Passenger Flights			International Passenger Flights		
			Terminal Handling	Ramp Handling	Full Handling	Terminal Handling	Ramp Handling	Full Handling
1	Code B	Single Engine Craft	3,800	8,900	12,700	15,600	47,000	62,700
2	Code C	A318,A319,A320,A321,B717,B727,B737,BBJ,MD81 to 90, DC9, TU134, AN24, AN26, ATR42, ATR72, F27, F28, F50, F70, F100, YAK40, YAK42	3,200	7,600	10,800	26,400	78,300	104,700
3	Code D	A300-600, A310, B707, B727-100, B757, B767, B787-300, DC8, DC10, MD11	4,400	12,700	17,100	34,200	137,900	172,000
4	Code E	A330-200, A330-300, A340, B747SP, B747,B777, B787-800, B787-900, IL96	19,000	38,000	57,000	39,900	162,300	202,100
5	Code F	A380	38,000	63,300	101,400	61,200	220,800	282,000

S.No	ICAO Code	Domestic Cargo	International Cargo
		Freighter	Freighter
		Ramp Handling	Ramp Handling
1	Code B	N/A	N/A
2	Code C	57,400	86,200
3	Code D	101,200	151,700
4	Code E	119,200	178,500
5	Code F	162,100	242,800

- Note:
- 1) applicable taxes/ levies are extra.
 - 2) additional services are excluded in above rates.

* for full handling of cargo freighter aircrafts, the maximum rates will be higher by maximum of 25% of the corresponding commercial passenger aircrafts as stated in format above.



Subject: FW: Services provided by BWFS, IGI (delhi) under Ramp, Pax & Comprehensive-reg

To: karry@aera.gov.in

Cc: 'Sanjay Savant' <sanjays@bird.in>

Date: 04/13/17 11:57 AM

From: Himani Negi <hn@bird.in>

Dear Sir,

We have filed user agreement and services are mentioned in user agreement, However to answer your specific query, please find below the list of services covered in passenger handling and Ramp Handling.

Pax Handling includes services inside the airport terminal such as:

- Providing check-in counter services for the passengers departing on the customer airlines.
- Providing gate arrival and departure services. The agents are required to meet a flight on arrival as well as provide departure services including boarding passengers and closing the flight.
- Staffing the transfer counters, customer service counters and airline lounges.

Ramp Handling includes services on ramp or apron such as:

- Baggage Handling _Loading / unloading of baggage
- Marshalling to Aircraft
- Parking
- Interior / Exterior Cleaning of Aircraft
- Moving of aircraft / Push Back Services
- Toilet services
- Water Services
- Provision of Air conditioning Services (when on ground)
- Provision of Air start units (for starting engines)
- Ramp to Flight Deck Communication
- Provision of Ground power Services (so that engines need not be running to provide aircraft power on the ground)
- Passenger stairs
- Wheelchair lifts, if required
- Passenger and crew transport between aircraft and passenger terminals
- Load Control, Communications and Flight Operations
- Cargo handling and Mail Warehouse Services

Comprehensive handling includes both Pax Handling and Ramp Handling .

I hope that above answer shall satisfy your query.

Thanks & Regards

Himani Negi

S. No.	Aircraft types (ICAO Code)	(14-15) 2015-16 PAX Intl.			2016-17 PAX Intl.			2016-17 % increase		
		Terminal Handling(Traffic Handling)	Ramp Handling	(Comprehensive) Full Handling	Terminal Handling(Traffic Handling)	Ramp Handling	(Comprehensive) Full Handling	Terminal Handling(Traffic Handling)	Ramp Handling	(Comprehensive) Full Handling
1	Code B	13,900	41,800	55,800	15600	47000	62700	12	12	12
2	Code C	23,500	69,700	93,200	26400	78300	104700	12	12	12
3	Code D	30,400	1,22,700	1,53,100	34200	137900	172000	13	12	12
4	Code E	35,500	1,44,500	179900	39900	162300	202100	12	12	12
5	Code F	54,500	1,96,500	2,51,000	61200	220800	282000	12	12	12

S. No.	Aircraft types (ICAO Code)	(14-15) 2015-16 PAX Domestic			2016-17 PAX Domestic			2016-17 % increase		
		Terminal Handling(Traffic Handling)	Ramp Handling	(Comprehensive) Full Handling	Terminal Handling(Traffic Handling)	Ramp Handling	(Comprehensive) Full Handling	Terminal Handling(Traffic Handling)	Ramp Handling	(Comprehensive) Full Handling
1	Code B	3800	8900	12700	3800	8900	12700	0	0	0
2	Code C	3200	7600	10800	3200	7600	10800	0	0	0
3	Code D	4400	12700	17100	4400	12700	17100	0	0	0
4	Code E	19000	38000	57000	19000	38000	57000	0	0	0
5	Code F	38000	63300	101400	38000	63300	101400	0	0	0

(14-15) 2015-16				2016-2017				2016-17	2016-17
S.No.	ICAO Code	Domestic Cargo	International Cargo	S.No.	ICAO Code	Domestic Cargo	International Cargo	% Increase	% Increase
		Freighter	Freighter			Freighter	Freighter	Domestic	Intl.
		Ramp Handling	Ramp Handling			Ramp Handling	Ramp Handling		
1	Code B	N/A	N/A	1	Code B	N/A	N/A		
2	Code C	57400	76700	2	Code C	57400	86200	0	12
3	Code D	101200	135000	3	Code D	101200	151700	0	12
4	Code E	119200	158900	4	Code E	119200	178500	0	12
5	Code F	162100	216100	5	Code F	162100	242800	0	12

Annual Compliance for the tariff year
Bird Worldwide Flight Services (India) Pvt. Ltd. (BWFS)
Service : Ground Handling Services

[Rs. In lakhs.]

Sl No.	Particulars	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	Total
	Performance Report for the years	Actual	Actual	Actual	Actual	Actual	
1	Revenue:						
1.1	Regulated Services-Ground Handling	7172.64	7704.35	8984.14	10508.96	12207.16	46577.25
1.2	-Cargo Handling						
	Other Regulated Services	213.05	109.67	142.28	98.69	368.61	932.30
1.3	Other than Regulated Services						
	A Total Revenue	7385.69	7814.02	9126.42	10607.65	12575.77	47509.55
2	Expenditure:						
2.1	Operating Expenditure	6254.69	6765.99	7831.69	9457.23	9905.62	40215.22
2.2	Depreciation	109.42	155.23	163.98	219.70	274.45	922.78
	A Total Expenditure	6364.11	6921.22	7995.67	9676.93	10180.07	41138
3	Regulatory Operating Profit	1021.58	892.80	1130.75	930.72	2395.70	6371.55
4	CAPEX						
4.1	Opening RAB	1919.66	2455.35	2314.25	2274.26	2164.82	11128.34
4.2	Capital Expenditure	662.62	14.13	130.30	116.97	605.22	1529.24
4.3	Disposals /Transfers	17.50	0.00	6.31			23.81
4.4	Depreciation	109.42	155.23	163.98	212.99	352.94	994.56
4.5	closing RAB	2455.36	2314.25	2274.26	2178.24	2417.10	11639.21
4.6	Average RAB{(4.1+4.5)/2}	2187.51	2384.80	2294.26	2226.25	2290.96	11383.78
5	Return on Average RAB (3/4.6)	46.70%	37.44%	49.29%	41.81%	104.57%	
	As per operator						
6	B Total Volume (MT)	9428	6914	7639	7753	8668	12509.00
7	Actual Yield Per Unit (A/B)	78338	113017	119471	136820	145083	
	Informative Data	FY2011-12	FY2012-13	FY2013-14	FY2014-15	FY2015-16	FY 2016-17(projected)
8	Profit Before Tax (PBT)	Not Available	Not Available	Not Available	802.14	2306.45	
9	Taxation	Not Available	Not Available	Not Available	487.77	874.23	
10	Profit After Tax(PAT)	Not Available	Not Available	Not Available	765.21	1432.23	
	Additional Information						14500
11	Revenue in Lakhs.		428.33	1312.40	1481.23	1968.12	1924.23
12	% Increase in Revenue		6%	17%	16%	19%	15%
13	Operating Profit		-128.78	237.95	-200.03	1464.98	
14	% increase in Operating Profit		-13%	27%	-18%	157%	
15	% increase in volume(ATM)		-2514.00	725.00	114.00	915.00	3841.00
16	% increase in Volume		-27%	10%	1%	12%	44%

Bird Worldwide Flight Services (India) Private Limited

Maximum Rate to be paid by Scheduled Airlines for ground handling services in Tariff Years 2, 3 and 4 (2012-13, 2013-14 and 2014-15)

Indira Gandhi International Airport, New Delhi

Amount in INR

S. No.	ICAO Code	Aircraft Type	Domestic Passenger Flights			International Passengers Flights		
			Terminal handling	Ramp handling	Full handling	Terminal handling	Ramp handling	Full handling
1	Code B	Single Engine Aircraft	3,800	8,900	12,700	13,900	41,800	55,800
2	Code C	A318, A319, A320, A321, B717, B727, B 737, BBJ, MD81 to MD90, DC9, TU134, TU134A, AN24, AN26, ATR42, ATR72, F27, F28, F50, F70, F100, YAK40, YAK42	3,200	7,600	10,800	23,500	69,700	93,200
3	Code D	A300-600, A310, B707, B727-100, B757, B767, B787-300, DC8, DC10, MD11	4,400	12,700	17,100	30,400	122,700	153,100
4	Code E	A330-200, A330-300, A340, B747SP, B747, B777, B787-800, B787-900, IL96	19,000	38,000	57,000	35,500	144,500	1,79,900
5	Code F	A380	38,000	63,300	101,400	54,500	196,500	251,000

S. No.	ICAO Code	Domestic Cargo	International
		Freighter	Freighter
		Ramp handling	Ramp handling
1	Code B	N/A	N/A
2	Code C	57,400	76,700
3	Code D	101,200	135,900
4	Code E	119,200	158,900
5	Code F	162,100	216,100

Note: (1) applicable taxes/levies are extra.

*For full handling of cargo freighter aircrafts, the maximum rates will be higher by maximum of 25% of the corresponding commercial passenger aircraft as stated in format above.

