

Consultation Paper No. 15/2018-19



Airports Economic Regulatory Authority of India

TO CONSIDER THE ANNUAL TARIFF PROPOSAL FOR THIRD TARIFF YEAR (2018-19) FOR THE SECOND CONTROL PERIOD IN RESPECT OF M/s BIRD WORLDWIDE FLIGHT SERVICES (INDIA) PRIVATE LIMITED FOR PROVIDING GROUND HANDLING SERVICES AT INDIRA GANDHI INTERNATIONAL AIRPORT, NEW DELHI.

New Delhi: 04th September, 2018

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

1. Brief Background:

- 1.1 M/s Bird Worldwide Flight Services (India) Private Limited (BWFS) is one of the ground handling agencies appointed by Delhi International Airport Limited (DIAL) for carrying out Ground Handling (GH) services at Indira Gandhi International Airport, New Delhi. The Authority, vide its MYTO Order No. 25/2011-12 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.
- 1.2 The Authority vide Order No.08/2017-18 dated 02.08.2017 decided that the ground handling services provided by M/s BWFS will be regulated under 'light touch approach' during the **second control period** (01.04.2016 to 31.03.2021) and also decided to continue the levy of same tariff existing as on 31.03.2016 for the first and second tariff year of the second control period.
- 1.3 The Authority, vide Order No. 43/2017-18 dated 28.03.2018, allowed to continue levy of tariffs existing as on 31.03.2018, for a further period of six months w.e.f. 01.04.2018 or till determination of tariffs for the second control period whichever is earlier.

2. ATP/ACS submissions made for second control period:

- 2.1 M/s BWFS, now, vide their letter no. nil dated 13.08.2018 (**Annexure-I**), has submitted the following documents:
- 2.1.1 Annual Tariff Proposal for third tariff year (FY 2018-19),
- 2.1.2 A letter from DIAL dated 22.02.2018 for revision in ceiling rates w.e.f. 01.04.2018 alongwith a copy of relevant Clause of the Concession Agreement with DIAL for escalation in the tariff.
- 2.1.3 Provisional/unaudited Annual Compliance Report for FY 2017-18, stating that the audit for FY 2017-18 is under process and once their financials get closed, they will submit ACS again based on audited financials.
- 2.2 M/s BWFS, vide letter dated 02.02.2018 (**Annexure-II**), has already submitted audited Annual Compliance Report for FY 2016-17, audited Balance Sheet and P & L Accounts (consolidated) for FY 2016-17. Balance Sheet/P & L Accounts have been marked as confidential.

3. Authority's Examination of the Proposal:

- 3.1 The Authority vide order No.08/2017-18 dated 02.08.2017 has already decided to adopt 'Light Touch Approach' for determination of tariffs for the 2nd control period w.e.f 01.04.2016 to 31.03.2021 as the ground handling service provided by BWFS at IGI Airport, New Delhi, is 'Material but Competitive'. The Authority has also decided to continue the levy of tariffs

existing as on 31.03.2016 for the first and second tariff year of the 2nd control period.

- 3.2 M/s BWFS vide letter dated 13.08.2018, has now submitted its Annual Tariff Proposals for 3rd tariff year of the second control period. It is observed that BWFS has not proposed any increase in tariff in respect of Domestic Passengers Flights/cargo handling. However for the ground handling of international passenger flights/cargo, BWFS has proposed about 17% increase in the rates in line with the terms/conditions stipulated in concession agreement with DIAL.
- 3.3 M/s BWFS has furnished a copy of DIAL's letter dated 22.02.2018 on WPI linked revision of the rates every three year wherein a copy of relevant Clause of the Concession Agreement is enclosed which states that the ceiling rates for the period of commissioning date- current terminals to March 31, 2012 are set out in the concerned schedule and the based on WPI, ceiling rates will be revised after every three years effective from first day of April- 2012, 2015, and 2018.
- 3.4 A comparative of Annual Compliance statements (**Annexure-III**) for FY 2015-16 (audited), FY 2016-17 (audited) and FY 2017-18 (provisional) is prepared to analyse revenue, cost and return on average RAB which shows that:
 - 3.4.1 Total revenues have grown by 18% from Rs 146.32 crores in FY 2016-17 to Rs 172.47 crores in FY 2017-18.
 - 3.4.2 The operating profit shows decrease by 9.5% from Rs 36.19 crores in FY 2016-17 to 32.75 crores in 2017-18. However, in FY 2016-17, it shows growth of 78% over previous FY 2015-16.
 - 3.4.3 Return on Average RAB is 123% in FY 2016-17 and 88% in FY 2017-18.
 - 3.4.4 Total volumes, have been increased by 35% from 8668 flights in FY 2015-16 to 11768 flights in FY 2016-17. In FY 2017-18, volume is increased to 12831 flights which show growth of 9% over FY 2016-17.
 - 3.4.5 Capex investment is Rs 13.9 crores in FY 2016-17 and Rs 9.75 in FY 2017-18.
4. The Authority observed that the total revenues have grown by 18% in FY 2017-18. Return on Average RAB is high during FY 2016-17 and FY 2017-18. Operating profit, though decreased by 9.5% in FY 2017-18 over previous year based on provisional figures but in FY 2016-17, it shows growth of 35% over previous year. Volumes also show a reasonable growth in FY 2017-18.
5. M/s BWFS has not asked for any increase in tariff for domestic flights/cargo handling for the FY 2018-19, but they have asked for 17% increase in tariff for international flights/cargo handling citing the relevant clause of the concession agreement with DIAL. The Authority is of the view that tariff should be based on its philosophy regarding tariff determination. It is under no obligation to determine tariff purely based on the concession agreement of the private parties. It does look into other factors stated below and the interest of the consumer while determining tariff.

6. 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 much say in the User Agreements.

7. Proposal

The Authority, after careful consideration of the Annual Tariff Proposal for third tariff year (FY 2018-19), makes the following proposal for stakeholder consultation:

- a. Keeping in view the facts as stated at para 4 above, it is proposed that The tariff for the third tariff year (FY 2017-18) of the second control period for ground handling services rendered by BWFS at IGI Airport, New Delhi, may be continued/maintained at the same level as approved by the Authority vide order No. 33/2015-16 dated 11.09.2015 as per **Annexure-IV**.
 - b. 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.
8. In accordance with the provisions of Section 13(4) of the AERA Act, the proposal contained in para 7 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.
9. The Authority welcomes written evidence-based feedback, comments and suggestions from stakeholders on the proposal made in para 7 above, latest by **25.09.2018** 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**



Bird Worldwide Flight Services

13th August, 2018

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

Sub: Submission of "Annual Tariff Plan" for 3rd Tariff Year for 2nd control period of Bird Worldwide Flight Services (India) Private Limited for its operations at Indira Gandhi International Airport, Delhi

Dear Sir/Mam

We are herewith enclosing Annual Tariff Proposal for 3rd Tariff Year for 2nd control period for your kind references.

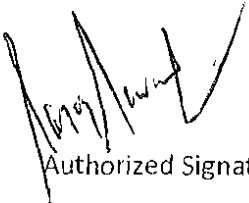
We hope that you will find the details in order as per AERA guidelines and requirements.

Kindly acknowledge the receipt.

Thanking you,


Yours Sincerely

For Bird Worldwide Flight Services (India) Private Limited


Authorized Signatory

Place: New Delhi
Encl: as above




13/8
S. Saxena

Annexure - I

3423/एचआर(एर)
13/8/18

भारतीय विमानपत्तन आर्थिक विनियामक प्राधिकरण
साफदरजंग एयरपोर्ट, नई दिल्ली-110003

प्राप्त
डाकरी नं: 12768
तारीख: 13/08/2018

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

Annual Tariff Proposal

Bird Worldwide Flight Services (India) Pvt. Ltd.
(Operations at Indira Gandhi International Airport, New Delhi)

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

3rd Tariff Year (FY 18-19) of Second Control Period

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	16,300	49,100	65,500
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	27,600	81,800	109,400
3	Code D	A300-600, A310, B707, B727-100, B757, B767, B787-300, DC8, DC10, MD11	4,400	12,700	17,100	35,700	144,100	179,800
4	Code E	A330-200, A330-300, A340, B747SP, B747, B777, B787-800, B787-900, IL96	19,000	38,000	57,000	41,700	169,600	211,200
5	Code F	A380	38,000	63,300	101,400	64,000	230,800	294,700

S.No.	ICAO Code	Domestic Cargo	International Cargo
		Freighter	Freighter
		Ramp Handling	Ramp Handling
1	Code B	NA	NA
2	Code C	57,400	90,100
3	Code D	101,200	158,500
4	Code E	119,200	186,600
5	Code F	162,100	253,800

- 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 25% of the corresponding commercial passenger aircrafts as stated in format above.



DELHI INDIRA GANDHI
INTERNATIONAL AIRPORT

Delhi International Airport Limited
(Formerly known as Delhi International Airport (P) Limited)

3 -
GAR

Registered Office: New Udaan Bhawan,
Opp. Terminal 3, IGI Airport,
New Delhi 110037, India
+91 11 47197000
+91 11 47197181
CIN No. U63033DL2006PL146936
www.newdelhiraiporl.in

DIAL/2017-18/Comm-GH/1568

February 22, 2018

To,

Mr. Sundeep Jain,
CFO
Bird Worldwide Flight Services
Bird Worldwide Flight Services (India) Pvt Ltd,
E-9, Connaught House, Connaught Place,
New Delhi – 110001

Subject: Revision in ceiling Rates

Dear Sir,

As communicated earlier, in line with clause 7.5 of concession agreement the ceiling rates have been revised, these rates are valid w.e.f. April 1, 2018 and valid till December 31, 2019. You are required to use the ceiling rates (as attached) from April 1, 2018.

Please ensure that the monthly statements reflect the calculations based on the rates charged or 85% of the new ceiling rates, whichever is higher.

Thanking You

Yours Sincerely,

For, **Delhi International Airport Limited**


Ashish Kumar
Head – Aero Related and New Business



Enclosures:-

- Annexure 1 - Revised Ceiling Rates
- Annexure 2 - Clause 7.5 of concession agreement



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instagram.com/delhiairport



DELHI INDIRA GANDHI
INTERNATIONAL AIRPORT

Delhi International Airport Limited
(Formerly known as Delhi International Airport (P) Limited)



Annexure 1 – Revised Ceiling Rates

Aircraft Types/Category	International Flight April 01, 2015 till March 31, 2018				International Flight April 01, 2018 till Decemeber 31, 2019			
	Pax Terminal	Ramp Handling	Full handling	Cargo Ramp Handling	Pax Terminal	Ramp Handling	Full handling	Cargo Ramp Handling
Code B	15,600	47,000	62,700	-	16,300	49,100	65,500	
Code C	26,400	78,300	104,700	86,200	27,600	81,800	109,400	90,100
Code D	34,200	137,900	172,000	151,700	35,700	144,100	179,800	158,500
Code E	39,900	162,300	202,100	178,500	41,700	169,600	211,200	186,600
Code F	61,200	220,800	282,000	242,800	64,000	230,800	294,700	253,800





5 - Annexure - II

3422/संनिव (एर)
13/8/18

भारतीय विमानपत्तन आर्थिक विनियामक प्राधिकरण
साफदरजंग एयरपोर्ट, नई दिल्ली-110003

प्राप्त
12767
आयची नं.: 13/08/2018
तारीख :

13th August, 2018

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

Sub: Submission of "Annual Compliance Statement for FY 17-18(Provisional/unaudited)" of Bird Worldwide Flight Services (India) Private Limited for its operations at Indira Gandhi International Airport, Delhi

Dear Sir/Mam

We are herewith enclosing Annual Compliance Statement for Financial year 2017-18 based on un-audited/provisional Annual accounts for your kind reference.

Further the audit for financial year 2017-18 is under process; once the financials of the company get close we will submit the ACS again on the basis of audited financials of the company.

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

Kindly do let us know in case any further information is required in this regard.

Kindly acknowledge the receipt.

Thanking you,

13/8

Yours Sincerely

S. Saxena

For Bird Worldwide Flight Services (India) Private Limited

Authorized Signatory

Place: New Delhi
Encl: as above



BIRD WORLDWIDE FLIGHT SERVICES (INDIA) PVT. LTD.
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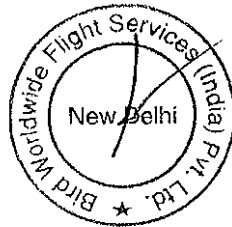
Bird Worldwide Flight Services (India) Private Limited

Form 16 : Performance Report for the Tariff Year (Provisional/unaudited)

Delhi Station

Particulars	Actual (Provisional) 2017-18	Forecasted Figure 2017-18	Actual (Audited) 2016-17	Forecasted Figure 2016-17
Total Revenue from Regulated Services (1)	1,724,749,468	1,536,399,702	1,463,207,304	1,396,727,002
Total Revenue from Services other than Regulated Services (2)	-	-	-	-
Operating Expenditure (3)	1,356,074,931	1,264,060,569	1,065,086,517	1,134,139,225
Depreciation (4)	41,170,699	18,282,785	36,216,942	18,906,221
Total Expenditure (3) +(4) = (5)	1,397,245,630	1,282,343,354	1,101,303,459	1,153,045,446
Regulated Operating Profit (1) + (2) - (5)= (6)	327,503,838	254,056,348	361,903,845	243,681,556
Capital Expenditure (7)	97,557,634	10,000,000	139,046,958	10,000,000
Opening RAB (8)	344,540,855	251,182,644	241,710,839	260,088,865
Disposals/ Transfers / Depreciation(9)	43,438,691	18,282,785	36,216,942	18,906,221
Closing RAB (8) +(7) -(9)= (10)	398,659,798	242,899,859	344,540,855	251,182,644
Average RAB (8) + (10)/2 = (11)	371,600,326	247,041,252	293,125,847	255,635,755
Return on Average RAB (6)/(11)	0.88	1.03	1.23	0.95
Total Volume (Cargo /Fuel throughput/ATM) (12)	12,831	8,392	11,768	8,227
Actual Yield per unit (12/1)	134,421	183,079	124,338	169,774

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



Bird Worldwide Flight Services (India) Private Limited- Delhi					
Comparative of ACS					
(Total Revenue-Total Cost)					
(Refer AI.9 of the Guidelines and Form No. 16)					
Rs. In Crores					
SI. No.	Particular Performance Report for the Years		2015-16 Actual	2016-17 Actual	2017-18 Provisional
1	Revenue:				
1.1	A-Regulated Services	1	122.07	146.32	172.47
1.2	A-Cargo Handling	1	0	0	0
1.3	Other than Regulated Services	2	0	0	0
	Total Revenue		122.07	146.32	172.47
2	Expenditure:				
2.1	Operating Expenditure	3	99.05	106.5	135.6
2.2	Depreciation	4	2.74	3.62	4.11
	Total Expenditure	5	101.79	110.13	139.72
3	Regulatory Operating Profit	1+2-5	20.28	36.19	32.75
4	CAPEX				
4.1	Opening RAB		21.64	24.17	34.45
4.2	Capital Expenditure		6.05	13.9	9.75
4.3	Disposals/Transfers/Depreciation		3.52	3.62	4.34
4.5	Closing RAB		24.17	34.45	39.86
4.6	Average RAB {(4.1+4.3)}		22.9	29.31	37.16
5	Return on Average RAB (3/4.6)		0.88	1.23	0.88
6	B Total Volume		8668	11768	12831
7	Actual Yield Per Unit (A/B)(Rupees)		140830.00	124338.00	134421.00

Annexure-IV

Bird Worldwide Flight Services (India) Private Limited, Indira Gandhi International Airport, New Delhi

Maximum Rate to be charged by Scheduled/Non Scheduled Aircrafts (International/Domestic) for ground handling services for Tariff Year 3 (2018-19)

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,B737,BBJ, MD81 to MD90, DC9,TU 134,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,B77 7,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	CodeD	101,200	135,000
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.