

Bird Worldwide Flight Service Mumbai Private Limited

January 06, 2023

Rating

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	29.37	CARE A-; Stable (Single A Minus; Outlook: Stable)	Revised from CARE A- (CE); Stable [Single A Minus (Credit Enhancement); Outlook: Stable]@
Total Bank Facilities	29.37 (₹ Twenty-Nine Crore and Thirty-Seven Lakhs Only)		

Details of instruments/facilities in Annexure-1.

@In line with RBI's circular, guidance note and FAQs dated April 22, 2022 and July 26, 2022, respectively, CARE Ratings has removed the 'CE' suffix wherever the credit enhancement terms were not fully in compliance with the terms as per RBI guidelines.

Unsupported Rating	Withdrawn [Withdrawn]
---------------------------	------------------------------

Note: Unsupported Rating does not factor in the explicit credit enhancement

Detailed rationale and key rating drivers

The ratings assigned to the bank facilities of Bird Worldwide Flight Service Mumbai Private Limited (BWFSMPL) derives strength from experienced promoters and strong parentage of Bird Worldwide Flight Services India Private Limited (BWFSIPL) with demonstrated track record of support to BWFSMPL in the form of loans and advances and stated support in the form of corporate guarantee from the parent. The rating also takes comfort from the group's presence at all major airports in India which is supported by the oligopolistic nature of the industry and limited competition. The rating also factors in healthy recovery in air traffic levels on month-on-month and year-on-year basis mainly due to resumption of international commercial passenger flights in March 2022. The increasing international traffic has resulted in improvement in operational and financial risk profile of the company in H1FY23 (refers to the period from April 1 to September 30). These strengths are however partially offset by regulatory risks and business risks emanating from the renewability of the contracts and revenue being susceptible to aircraft traffic on account of economic cycles along with geographical concentration risks.

Rating Sensitivities

Positive Factors - Factors that could lead to positive rating action/upgrade:

- Increase in total operating income above Rs. 200 crores with sustenance of margins at current levels
- Improvement in overall gearing below 1.0x on a sustained basis.

Negative Factors- Factors that could lead to negative rating action/downgrade:

- Impact on the cash flows of the company due to the increasing cases of COVID globally leading to deterioration in its liquidity profile.
- Any adverse announcement or regulatory directives with regard to the ground handling policy by the government that may impact the financial profile of BWFSMPL adversely
- Any higher than envisaged debt funded capital expenditure resulting in deterioration in capital structure and stretched liquidity position of the company.

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

Detailed description of the key rating drivers

Key Rating Strengths

Experienced promoters

BWFSMPL is promoted by the Bird group, with companies in various verticals, viz, travel technology, airline representation, aviation services and ground handling, hospitality, auto etc. Globe Ground India Pvt Ltd, a Bird group company, is also engaged in the ground handling business for over a decade and is currently operating at Bangalore and Hyderabad airport along with Bird Catering and Lounges Pvt Ltd which is engaged in construction, maintenance and operation of lounges at 5 different airports. The Bird group has received various awards and accolades from customers and airport operator for its ground handling services over time. Mrs. Radha Bhatia, Chairperson of the group has experience of more than 4 decades in various industries like travel and tourism, aviation etc. The Executive Director Mr. Gaurav Bhatia and the management team consist of experienced personnel who have been associated with the aviation industry and have worked at various airports for about for more than 3 decades.

Group presence at major airports in India

Bird group provides services comprising of ground handling, customer management, logistics, ticketing, cargo management, baggage handling, meet and greet facilities with presence at Six major airports in India - Delhi, Cochin, Bangalore, Ahmedabad, Hyderabad, and Mumbai. Bird group has also gained substantial ground handling experience through its group company Globe Ground India Private Limited, providing ground handling services in Bangalore and Hyderabad airport to provide various handling services to several International & Domestic Airlines. Bird Worldwide Flight Services India Private Limited (BWFSIPL), Bird Worldwide Flight Service Mumbai Private Limited (BWFSMPL), Globe Ground India Private Limited (GGIPL), Bird Catering & Lounges (P) Ltd (BCLPL), Bird Air Services and Bird Travels, are Aviation Services Verticals of Bird Group of Companies.

Strong support from the parent; Bird Worldwide Flight Services India Private Limited (BWFSIPL)

BWFSMPL is subsidiary of BWFSIPL; with latter holding 76% of shareholding in the former. BWFSIPL is also engaged in ground handling services at Delhi International airport and Cochin international airport. BWFSIPL has supported BWFSMPL in the form of unsecured loans and advances to the tune of Rs. 20.50 crores as on March 31, 2022. Further, BWFSIPL has also extended corporate guarantee for the bank facilities of BWFSMPL.

Improving operational profile in H1FY23

The revenue of the company is susceptible to air traffic movement and recovery of the same post pandemic. During FY22, the total income of the company grew by 47% on y-o-y basis to Rs. 86.58 crores as against Rs. 59.05 crores in FY21 on account of gradual recovery in air traffic. The International airlines contributed around 59% (PY: 56%) to the total sales while domestic airlines contributed around 30% (PY: 25%) in FY22. The revenue from top-10 customers comprises of ~89% of total revenue during FY22. The PBILDT margin however, moderated to 13.4% in FY22 from 22.04% in FY21 on account of increase in concession fee as against relief provided by the authorities in FY21 on account of COVID.

However, the operations of the company have shown improvement in H1FY23 led by healthy recovery in air traffic levels on month-on-month and year-on-year basis mainly due to resumption of international commercial passenger flights in March 2022. During H1FY23, the company reported total revenue of Rs. 73.54 crores. During H1FY23, the contribution from International airlines to the total revenue increased to stood at around 63% while the domestic airlines contributed around 31%. The PBILDT margin has shown a higher than pre-COVID levels of recovery to be at 24.60% as the revenue from international airlines was higher.

Key Rating Weaknesses

Moderate capital structure

The overall gearing ratio of the company stood moderate at 1.65x as on March 31, 2022 as against 1.70x as on previous balance sheet date on account of scheduled repayment of foreign currency term loans. As on March 31, 2022 the total debt of

the company stood at Rs. 71.85 crores majorly comprising of term loan of Rs. 20.74 crores, finance lease of Rs. 20.39 crores and unsecured loan from BWFSIPL of Rs. 20.50 crores. The term loan balance has further reduced to Rs. 16.48 crores as on September 30, 2022. The debt coverage ratio of the company also stood moderate as marked by interest coverage of 1.75x for FY22.

Regulatory risks persist; however, uncertainty reduces in light of the aviation policy 2016

As per the ground Handling (GH) guidelines under the new policy of 2016, competition is not expected to increase for the existing GHAs as it continues with the guidelines of around 3 GHA per airport and while self-handling for domestic airlines has been continued. Also, it doesn't allow for ground handling by airlines for other airlines. However, being part of the regulated industry, the company's revenues are susceptible to changes in government policies.

Liquidity: Adequate

The company's liquidity is marked by free cash and bank balance of Rs. 12.24 crore as on March 31, 2022. The company also had liquid investments in the form of free fixed deposits of around Rs 16.69 crore as on December 21, 2022. Furthermore, the average working capital utilization stood at 48.21% during the twelve-month ended November 2022. The total debt repayment due for the company during FY23 stood at Rs 9.28 crore out of which the company has already paid Rs 6.48 crore until Dec 31, 2022, while the remaining will be paid by March 2023.

Analytical approach: Standalone while factoring linkages with the parent on account of common management, similar line of business and stated support in the form of unconditional and irrevocable corporate guarantee.

Applicable criteria

[Policy on default recognition](#)

[Factoring Linkages Parent Sub JV Group](#)

[Financial Ratios – Non financial Sector](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Credit Watch](#)

[Service Sector Companies](#)

[Policy on Withdrawal of Ratings](#)

About the company

Bird Worldwide Flight Service Mumbai Private Limited (BWFSMPL) was incorporated on 9th February, 2016 to provide ground handling services at Chhatrapati Shivaji International Airport (Mumbai) which was awarded by Mumbai International Airport Ltd (MIAL). The company is a joint venture between Bird Worldwide Flight Services (India) Private Limited and Globe Ground India Private Limited. As on March 31, 2021, BWFS held 76% stake while the remaining 24% is held by GGIPL. The operation has been started from July 15, 2016 and the company has been providing ground handling and cargo handling services to International & domestic airlines at CSI Airport.

Brief Financials (₹ crore)	March 31, 2021 (A)	March 31, 2022 (A)	H1FY23 (UA)	9MFY23 (UA)
Total operating income	59.05	86.58	73.54	NA
PBILDT	13.01	11.60	18.09	NA
PAT	-1.47	-1.13	13.61	NA
Overall gearing (times)	1.70	1.65	NA	NA
Interest coverage (times)	1.64	1.75	10.77	NA

A: Audited; UA: Unaudited; NA: Not Available

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for the last three years: Please refer Annexure-2

Covenants of the rated instruments/facilities: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated for this company: Annexure-4

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	13.00	CARE A-; Stable
Fund-based - LT-Term Loan		-	-	31/03/2025	6.31	CARE A-; Stable
Non-fund-based - LT-Bank Guarantee		-	-	-	10.06	CARE A-; Stable
Un Supported Rating-Un Supported Rating (Long Term)		-	-	-	0.00	Withdrawn

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021	Date(s) and Rating(s) assigned in 2019-2020
1	Fund-based - LT-Term Loan	LT	6.31	CARE A-; Stable	-	1)CARE A-(CE); Stable (18-Feb-22)	1)CARE A-(CE); Negative (31-Mar-21) 2)CARE A-(CE) (CW with Negative Implications) (05-Jun-20)	1)CARE A (CE) (CW with Negative Implications) (31-Mar-20)
2	Non-fund-based - LT-Bank Guarantee	LT	10.06	CARE A-; Stable	-	1)CARE A-(CE); Stable (18-Feb-22)	1)CARE A-(CE); Negative (31-Mar-21) 2)CARE A-(CE) (CW with Negative Implications) (05-Jun-20)	1)CARE A (CE) (CW with Negative Implications) (31-Mar-20)
3	Fund-based - LT-Cash Credit	LT	13.00	CARE A-; Stable	-	1)CARE A-(CE); Stable (18-Feb-22)	1)CARE A-(CE); Negative (31-Mar-21) 2)CARE A-(CE) (CW with Negative Implications) (05-Jun-20)	1)CARE A (CE) (CW with Negative Implications) (31-Mar-20)
4	Un Supported Rating-Un Supported Rating (Long Term)	LT	-	-	-	1)CARE BBB-(18-Feb-22)	1)CARE BBB-(31-Mar-21)	1)CARE BBB-(31-Mar-20)

							2)CARE BBB- (05-Jun-20)	
--	--	--	--	--	--	--	----------------------------	--

*Long term/Short term.

Annexure-3: Detailed explanation of the covenants of the rated instruments/facilities: Not Applicable

Annexure-4: Complexity level of various instruments rated for this company

Sr. No.	Name of Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Non-fund-based - LT-Bank Guarantee	Simple
4	Un Supported Rating-Un Supported Rating (Long Term)	Simple

Annexure-5: Bank lender details for this company

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

Contact us

Media contact

Name: Mradul Mishra
Phone: +91-22-6754 3596
E-mail: mradul.mishra@careedge.in

Analyst contact

Name: Puneet Kansal
Phone: +91-11-4533 3225
E-mail: puneet.kansal@careedge.in

Relationship contact

Name: Swati Agrawal
Phone: +91-11-4533 3200
E-mail: swati.agrawal@careedge.in

About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

Disclaimer:

The ratings issued by CARE Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. These ratings do not convey suitability or price for the investor. The agency does not constitute an audit on the rated entity. CARE Ratings has based its ratings/outlook based on information obtained from reliable and credible sources. CARE Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating/outlook assigned by CARE Ratings is, inter-alia, based on the capital deployed by the partners/proprietors and the current financial strength of the firm. The ratings/outlook may change in case of withdrawal of capital, or the unsecured loans brought in by the partners/proprietors in addition to the financial performance and other relevant factors. CARE Ratings is not responsible for any errors and states that it has no financial liability whatsoever to the users of the ratings of CARE Ratings. The ratings of CARE Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades.

For the detailed Rationale Report and subscription information, please visit www.careedge.in