



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 BHARAT STARS SERVICE PRIVATE LIMITED (BSSPL) FOR PROVIDING INTO PLANE SERVICES AT BANGALORE INTERNATIONAL AIRPORT, BENGALURU.

New Delhi: 16th February, 2017

**AERA Building
NACIL Administrative Complex
Safdarjung Airport
New Delhi-110003**

1. Brief Background:

- 1.1 The Authority considered the Multi Year Tariff Proposal (MYTP) and Annual Tariff Proposal (ATP) submitted by M/s Bharat Stars Services Private Limited (BSSPL) for provision of Into Plane Services (ITP) at Bangalore international Airport, Bengaluru (BIA) and after due stakeholder consultation, issued Multi – Year Tariff Order (MYTO) No. 20/2011-12 dated 25.10.2011 wherein the Authority decided to adopt ‘light touch approach’ for determination of tariff for the first Control Period. Thereafter, the Authority issued Order No. 26/2012-13 dated 29.10.2012 for determining Annual Tariffs for the 1st and 2nd tariff year. Thereafter, the Authority issued Order No.20/2013-14, 28.06.2013 for determining tariffs for the 3rd, 4th and 5th tariff year of the first control period.

2. Submissions made by BSSPL

- 2.1 BSSPL vide their letter no. BSSPL.HO.2015-16.AERA dated 09.03.2016 submitted the certified copy of their Multi Year Tariff Proposal and Annual Tariff Proposal which was filed online by them on 14.03.2016 for determination of tariffs for the second control period for providing Into Plane Services at Kempegowda International Airport, Bangalore. (**Annexure-I**). The tariff was increased @ 5% in every tariff year during the first control period. In the second control period for tariff years 2016-17 to 2020-21 BSSPL has proposed escalation of tariff @ 5% year over year.
- 2.2 BSSPL has also submitted the Annual Compliance Statements (ACS) for all the tariff years of the first control period.(FY.2011-12 to FY. 2015-16.)
- 2.3 BSSPL in their submission has stated as follows:
 - 2.3.1 BSSPL Agreements with Airport operator, BIAL and Fuel Suppliers are prevailing since commencement of airport operation.
 - 2.3.2 The information provided in the MYTP formats and other forms is confidential business information for AERA’s perusal. BSSPL has requested that same is not to be put in the public domain for protecting their business interests and maintaining appropriate confidentiality. BSSPL is also required to maintain the confidentiality of the terms of agreements entered into with BIAL and fuel suppliers.
 - 2.3.3 AERA has approved ITP fee of BSSPL for KIA, Bangalore for 1st control period ending on 31.03.2016 with 5% annual escalation.
 - 2.3.4 As per prevailing agreement between fuel suppliers and airport operator, BIAL, BSSPL has proposed for annual 5% escalation of each rate element as per prevailing trend of approved rate of defueling and redelivery of ATF. BSSPL has sought approval of tariffs for the second control period under “Light Touch” approach.

- 2.3.5 **CAPEX:** The CAPEX has been planned in line with the airport growth, air traffic growth and passenger growth. Based on the trend and projected growth, BSSPL has considered further addition of Hydrant Dispensers to cater to the demand of flight clash. BSSPL has also planned for replacement of some fuelling vehicles which have completed their useful life. As per business requirement needful furniture, office items, work shop items, computer and peripherals are required to be added or replaced for running the ITP operation smoothly.
- 2.3.6 **Security Deposit:** As per the Sub Concessionaire Agreement entered into with BIAL, BSSPL has paid Rs.200 Lacs as interest free security deposit to the Airport Operator, BIAL.
- 2.3.7 **Means of Finance:** Estimated cost of CAPEX during the 2nd control period is 69.69 million (Rs.6.97 crores).
- 2.3.8 **Debt:** BSSPL have planned to arrange fund for CAPEX from their internal accrual and reserves without taking any debt from the market for Bangalore ITP operation.
- 2.3.9 **Operating Expenses :**

The following are the key points taken into consideration while working out the various operating expenses.

- (i) Annual manpower cost escalation: 8-12% (considering increase of manpower as well as salary enhancement)
- (ii) The major Components of Dispensers and Refuellers are imported from reputed manufactures globally. The last two-three year trend is 10%-12% escalation including Exchange Rate variance.
- (iii) In general 7.5% to 10% cost escalation is taken in consideration for all items/overheads as per market trends unless there is some precondition.
- (iv) 5% revenue share to airport operator is accounted for as per concession agreement.
- (v) The airport volume growth happened in last 3 to 4 years and as per available information the ATF volume growth is not very significant as for the international sector, the airlines have started to bring more fuel efficient aircrafts. In domestic sector at Bangalore there is a significant introduction of regional airlines within southern India, but the aircrafts are very small in size and also take less fuel as they fly on shorter routes. For such small aircrafts also, the operating costs incurred in providing ITP services are significantly higher on per KL basis as the manpower and equipment used are same even though fuel intake is very less as compared to bigger aircrafts. Further, BSSPL has projected its volume share as 25.5% of overall market share based on latest trend.

3 Principles for Determination of Aeronautical Tariff

- 3.1 As per clause 3 of the CGF Guidelines, the Authority shall, prior to the commencement of a Control period, follow a three stage procedure for determining its approach to the regulation of Regulated Service(s) as under:

Stage 1: The Authority shall first assess 'Materiality' according to provisions of Clause 4;

Stage 2: The Authority shall then assess 'Competition' according to provision of Clause 5; and

Stage 3: The Authority shall then assess the reasonableness of existing User Agreement(s), according to provision of Clause 6.

- 3.2 The materiality index for service provided for supplying fuel to the aircraft at a major airport A shall be defined as:

$$\text{Materiality Index (MIF)} = \frac{\text{Fuel Throughput in Kilolitres at a major airport A}}{\text{Total Fuel Throughput in Kilolitres at Major Airports}} \times 100$$

Where 'Fuel Throughput in Kilolitres' represents the actual fuel off take in Kilolitres per annum at the major airport A.

Where 'Total Fuel Throughput in Kilolitres' represents the sum total of actual fuel off take in Kilolitres per annum at all Major Airports.

(ii) Where the MIF as calculated above is 5% or more at a major airport, the service provided for supplying fuel to the aircraft at major airport A shall be deemed 'material'. If MIF is below 5% then the service provided for supplying fuel to the aircraft at major airport A shall be deemed 'not material'.

- 3.5 As per clause 5.1 of the guideline "*where 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 not competitive.*"

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

(i) "*The Service Provider submits 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*

(ii) *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*".

- 3.7 As per Clause 3.2 (i) of the Guidelines, 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.

- 3.8 In terms of Clause 7.3 & 7.4 of the Guidelines, the Authority shall upon due consideration of the MYTP and stakeholder consultations thereon make a

MYTO for a Control Period. As per Clause 11.2, the ATP is required to be submitted in the manner and form provided in AI. 8.1 of Appendix I and should be supported by the following documents:

- 3.8.1 Form B and Form 14(b)
- 3.8.2 Details of consultation with stakeholders
- 3.8.3 Evidence of User Agreements clearly indicating the Tariff proposed by the Service Provider.

4 Examination

- 4.1 The service rendered by BSSPL for providing ITP services at Bangalore Airport is an “aeronautical service” in terms of section 2(a) of the Airports Economics Regulatory Authority of India Act, 2008 (Act) whereas under section 13 (1)(a) of the Act, the Authority is required to determine tariff for aeronautical services.
- 4.2 The Materiality Index (MI) for ‘supply of fuel’ services at Bangalore Airport is 8.62 % (Fuel throughput for Bangalore =535071 KL & Total Fuel throughput for major airports =6209056 KL) based on the fuel throughput statistics for the FY. 2014-15. As the MI is more than the threshold limit of 5%, the ITP service at Bangalore Airport is deemed as ‘material’.
- 4.3 As regards competition, M/s Indian Oil Skytanking Limited (IOSL) is also providing ITP services at Bangalore Airport. As there are two service providers rendering ITP services, the ITP services are deemed as ‘Competitive’ at Bangalore Airport.
- 4.4 The Authority determined tariff for BSSPL under “Light Touch Approach” during the first control period as indicated in para 1.1 above as the ITP service rendered by BSSPL at Kempegowda International Airport, Devanahalli, Bangalore was ‘material but competitive’. As the scenario is same, the Authority proposes to adopt a “Light Touch Approach” to determine the tariffs for second control period also.
- 4.5 The tariff was increased @ 5% in every tariff year during the first control period. In the second control period for tariff years 2016-17 to 2020-21 BSSPL has proposed escalation of tariff @ 5% every year. **Annexure-II.**
- 4.6 The comparative scenario of revenue, cost, yield per unit and return on average RAB as per Annual Compliance Statement submitted by BSSPL is placed for perusal at **Annexure-III.** According to the Comparative Statement of the ACS, BSSPL has been making profit throughout the first control period in the range of 1.25 to 2.15 crores(PBT) and Return on RAB is in the range of 35% to 57%. At present BSSPL provides ITP services at Mumbai and Bangalore. PAT for BSSPL as a whole during the first control period is in the range of 0.70 to 2.3 crores.
- 4.7 BSSPL in their Annual Tariff Proposal have submitted Form-B, Form 14(b) and copy of valid user agreements. However, proof of stakeholder consultation meeting has not been attached with the submission.

5 Proposal

The Authority, after careful consideration of the MYTP and ATP for FY. 2016-17 to FY.2020-21 makes the following proposal for stakeholder consultation:

- 5.1 The Into Plane Service being provided by Bharat Star Services Private Limited (BSSPL) at Bangalore Airport, Bangalore is “Material but Competitive”. Therefore the Authority proposes to adopt ‘Light Touch Approach’ for determination of tariffs for the 2nd control period w.e.f. 01.04.2016 to 31.03.2021 and accordingly issue the MYTO for the 2nd control period.
 - 5.2 Consider the 5% annual escalation in the tariffs sought by BSSPL and decide the Annual Tariff Proposal for the tariff years t1 to t5 i.e FY 2016-17 to FY.2020-21 submitted by BSSPL as per the tariff card placed at **Annexure – IV**.
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 hereto and by making such decision fully documented and explained in terms of the provisions of the Act.

The Authority welcomes written evidence-based feedback, comments and suggestions from stakeholders on the proposal made in para 5 above, latest by **Friday, the 3rd March, 2017** at the following address:

**Secretary,
Airports Economic Regulatory Authority of India,
AERA Building,
Administrative Complex,
Safdarjung Airport,
New Delhi- 110003
Email: (i) puja.jindal@nic.in
(ii) pc.jain61@gov.in
Tel: 011-24695042
Fax: 011-24695039**

**S. Machendranathan
Chairperson**

भारत स्टार्स सर्विसेज
प्राइवेट लिमिटेड



BHARAT STARS SERVICES
PRIVATE LIMITED

Trusted Partnership

BSSPL.HO.2015-16.AERA

09.03.2016

The Secretary
Airports Economic Regulatory Authority of India
AERA Building, Administrative Complex
Safdarjung Airport
NEW DELHI — 110 003

Dear Sir

Subject: Submission of Multi Year Tariff Proposal for Second Control Period for determination of Tariff for Into Plane Service Fee by Bharat Stars Services Private Limited — ITP Service Provider at Kempegowda International Airport (KIA), Bangalore.

Bharat Stars Services Private Limited (BSSPL) has been awarded the Into-Plane Tender award by Bangalore International Airport Limited (BIAL) based on tender in 2007 at Kempegowda International Airport, Bangalore since 2008.

After the privatisation of Airport, the Open Access System concept is introduced and the entire value chain of Aviation Fuel Supply has now been segmented into:

- a) Aviation Fuel Supplies by Fuel Suppliers
- b) Hydrant Infrastructure Services and fuel farm management
- c) Into-Plane Services

Therefore, Into Plane Service at KIA, Bangalore is being provided by two Into Plane Agents based on the competitive bidding. The Into Plane Service fee for 1st control period till 31st March 2016 is duly approved by AERA vide order no 20/2013-14 issued dated 28.06.2013.

We are pleased to submit, our 2nd Multi Year Tariff Proposal in accordance to AERA (Terms and Conditions for Determination of Tariff for Services Provided for Cargo Facility, Ground Handling and Supply of Fuel to the Aircraft) Guidelines, 2011:

1. Form (A)
2. Executive Summary
3. Various Forms as per AERA Guidelines
4. User Agreements –
 - a) Extract of Sub Concession Agreement with BIAL
 - b) Extract of Into Plane Agent Agreements with Suppliers.
4. Annexure

कॉर्पोरेट ऑफिस : 1 मंजिल, प्लॉट ए-5 एवं 6, सेक्टर-1, नोएडा - 201 301, भारत फोन : +91 120 2474154 / 4415 www.bsspl.in
Corporate Office : 1st Floor, Plot A-5 & 6, Sector-1, Noida - 201 301, India Phone: +91 120 2474154 / 4415 www.bsspl.in

रजिस्टर्ड ऑफिस : बी पी सी एल एविएशन फ्यूलिंग स्टेशन, इंदिरा गाँधी इन्टरनेशनल एयरपोर्ट टर्मिनल II, न्यू दिल्ली - 110061
Registered Office : BPSCL Aviation Fueling Station, Indira Gandhi International Airport Terminal II, New Delhi - 110061

CIN: U11100DL2007PTC168158

BSSPL is seeking the approval of tariff under "Light Touch Regulation" because as per AERA Guidelines, we meet the following criteria:

1. Materiality Assessment (Clause 4.2)

- ✓ The Materiality Index is more than 5 % (Fuel throughput in KL at Kempegowda International Airport / Total Fuel Throughput in KL at major Airports x 100 i.e. 535064 KL / 4926539 KL x 100 = 10.86 %)

2. Competitive Assessment (Clause 5)

Two Into-plane Service providers have been appointed by BIAL through a competitive bidding process by way of a Public Tender. Since this Regulated Service at Kempegowda International Airport, Bangalore shall be provided by two service providers, it shall be deemed as "Competitive" at this airport.

3. User Agreement (Clause 6)

- ✓ Agreements with Airport operator, BIAL and Fuel Suppliers are prevailing since commencement of airport operation. All the agreement copies have been submitted to AERA during submission of our MYTP of 1st Control Period which had an evidence of ITP rate escalation annually by 5%. AERA has approved ITP fee of BSSPL for KIA, Bangalore for 1st control period ending on 31.03.2016 with 5% annual escalation.

From the above, it is clear that we meet the conditions prescribed under the AERA Guidelines for the category of "Material but Competitive".

Confidentiality of the documents submitted:

The information provided in the MYTP Formats and other forms is confidential business information for your perusal and it is requested that same is not to be put in the public domain for protecting our business interest and maintaining appropriate confidentiality. We are also required to maintain the confidentiality of the terms of agreements entered into with BIAL and the fuel suppliers.

ITP Fee working

We have worked out the ITP fee for next 5 years i.e. ITP fee for 2nd control period w.e.f 1st April 2016 to 31.03.2021 in accordance to AERA (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 detailed of calculation is annexed and uploaded in AERA server. The obtained result is as below.

Year	2016-17	2017-18	2018-19	2019-20	2020-21
ITP fee for refuelling in Rs. Per KL	291.01	334.18	378.43	410.19	418.58

We would like to submit that the current tariff rate for the financial year 2015-16 as approved by AERA is as under:

Tariff Year		Aircraft Fuelling	Aircraft De-fuelling		Aircraft Re-Fuelling De-Fuelled Product into an Aircraft	
			Within 6 hrs	Beyond 6 hrs	Within 6 hrs	Beyond 6 hrs
Control Period 1	Tariff Year 5	268.03	268.03	321.63	294.82	321.63

However, as per prevailing agreement between fuel suppliers and Airport operator, BIAL, we are proposing only 5% annual ITP fee escalation for Into Plane fuelling service as per below paragraph. Since the volume of defueling and redelivery of fuel cannot be predicted and the contribution of the volume compared to overall fuelling volume is negligibly small hence no separate working has been made nor considered in to any financial model. We have simply proposed for annual 5% escalation of each rate element as per prevailing trend of approved rate of defueling and redelivery of ATF.

Approval for ITP Tariff:

We hereby seek approval of the following tariff for the second control period starting from 01.04.2016 to 31.03.2021 under the LIGHT TOUCH REGULATION

Tariff Year		Aircraft Fuelling	Aircraft De-fuelling		Aircraft Re-Fuelling De-Fuelled Product into an Aircraft	
			Within 48 hrs	Beyond 48 hrs	Within 48 hrs	Beyond 48 hrs
Control Period 2	Tariff Year 1 2016-17	281.03	281.03	337.71	309.56	337.71
	Tariff Year-2 2017-18	295.50	295.50	354.60	325.04	354.60
	Tariff Year-3 2017-18	310.28	310.28	372.33	341.29	372.33
	Tariff Year-4 2017-18	325.79	325.79	390.94	358.36	390.94
	Tariff Year-5 2017-18	342.08	342.08	410.49	376.27	410.49

In view of above submission, we request for kind approval of the Authority at the earliest.

Thanking you & assuring of our best cooperation at all times.

Yours truly

For **Bharat Stars Services Pvt Ltd**

A handwritten signature in black ink, appearing to read 'Akash Tiwari', written over a horizontal line.

Akash Tiwari
Chief Executive Officer

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Introduction

Bharat Stars Services Private Limited (BSSPL) is a Joint Venture Company of Bharat Petroleum Corporation limited (BPCL)- a Fortune 500 Company and St-Airport Services Pte Ltd (STARS) Singapore was incorporated in September 2007 & started its first commercial operation in May 2008 at the new Bengaluru international Airport when the Greenfield airport started its commercial operations and later in new Terminal III of I.G.I.A Airport, New Delhi since July 2010 after obtaining requisite approvals from the office of Director General of Civil Aviation. . We are doing ITP Operation under our BSSPL quality management system from 26th January 2015 after getting DGCA approval on 25/01/2015.

BPCL & STARS own 50 % equity each in the JV Company. Both BPCL & STARS are reputed specialists in the aviation fuel logistics & total supply chain management, including the provision of ITP services with many of years of experience & outstanding track record. BSSPL therefore has inherited full benefits & wealth of Indian & International experiences.

BSSPL has been providing ITP services at three prominent Airports of India viz, Kempegowda International Airport, Bengaluru, IGI Airport Delhi Terminal 3 and CSI Airport, Mumbai. The ITP Operations at Delhi Airport are carried through 100% subsidiary of Bharat Stars Services Pvt. Ltd. (Bharat Stars Services (Delhi) Pvt. Ltd. (BSSDPL). The Company has been performing consistently with positive net worth and has been paying dividend continuously.

BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

The Board of Directors consist of followings members nominated by each joint venture partner :

I.	Mr. Vincent Phang	Chairman
II.	Mr. M.M.Somaya	Director
III.	Mr. Chiew Leong Lua	Director
IV.	Mr. S Ramesh	Director

KEY MANAGEMENT PERSONNEL

Mr. Akash Tiwari

Chief Executive Officer

Mr. Akash Tiwari is CEO of the Company. As a Chief Executive officer, Mr. Akash Tiwari is responsible for marketing, operations, & general management of the Company. He is on deputation from Bharat Petroleum Corporation Limited. Mr. Tiwari has worked in the Petroleum industry for over 23 years.

Mr. Parvesh Kumar Jain

General Manager- Aviation Services HQ

Mr. Parvesh Kumar Jain is General Manager Aviation Services. He has domain expertise in aviation fuel operations and was associated with starting up of new operations at Delhi Airport including other management responsibilities. He is on deputation from Bharat Petroleum Corporation Limited.

Mr. Abhijit Dutta

General Manager, South

Mr. Abhijit Dutta is General Manager South and is posted at Kempegowda International Airport. He has domain expertise in aviation fuel engineering & operations and was associated with starting up of new operations at Delhi Airport including various technical and commercial project handling at BSSPL. All the ITP

work is being handled at Bangalore Airport and south zone under his supervision. He is on deputation from Bharat Petroleum Corporation Limited.

Mr Chetan Patil
General Manager, West

Mr. Chetan Patil is General Manager West and is posted at Mumbai International Airport. He has domain expertise in aviation fuel engineering & operations and was associated with starting up of Mumbai Ops. He is on deputation from Bharat Petroleum Corporation Limited.

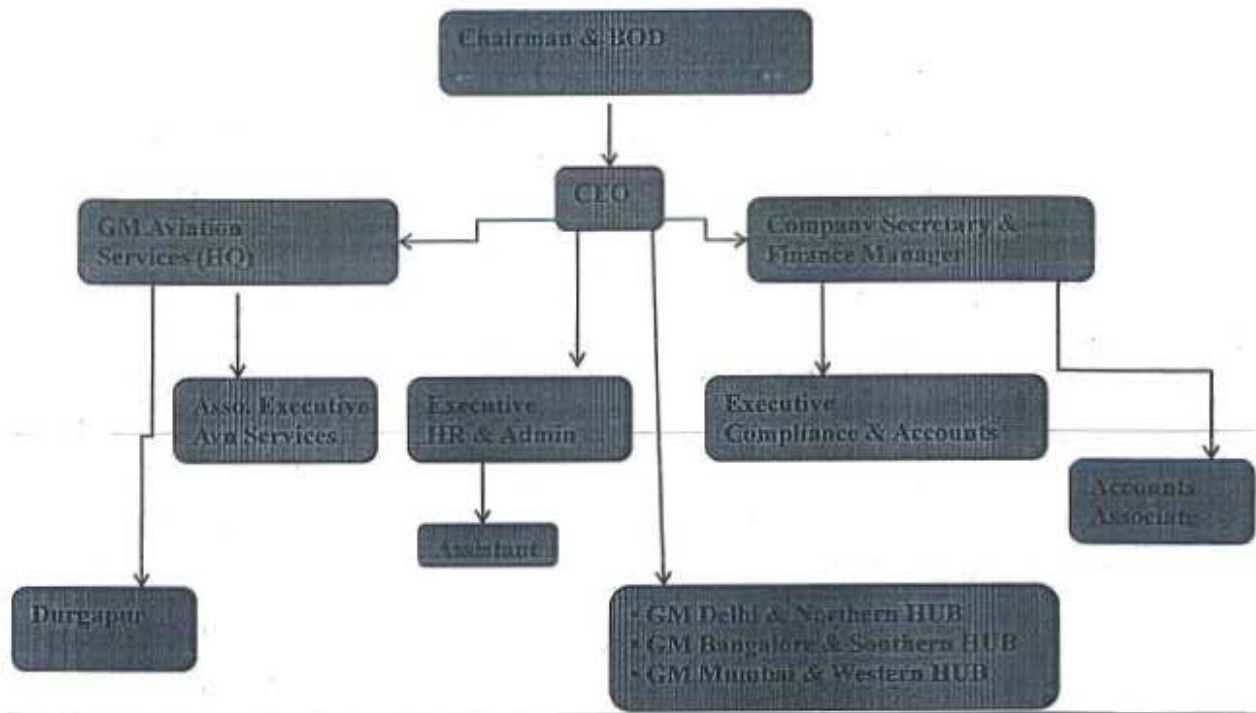
Mr. Rajiv Patil
General Manager, North

Mr. Rajiv Patil is General Manager North and is posted at Delhi International Airport. He is from Indian Air force retired Gr. Captain and engineer by qualification and has long association with defence airport ops and administration.

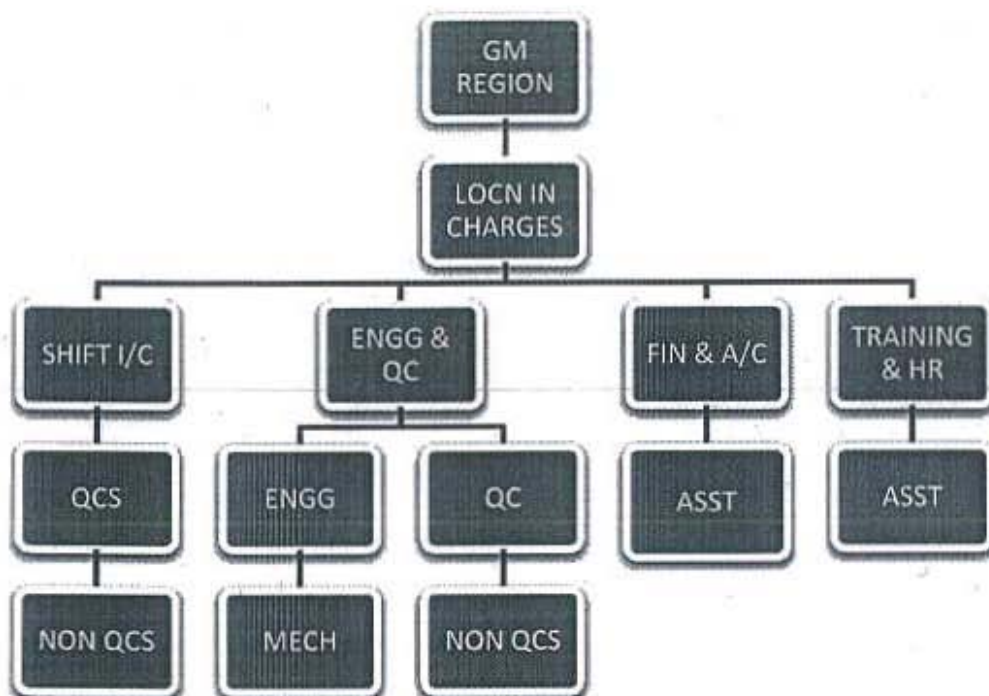
Mr. Sanjay Maheshwari
Company Secretary & Manager Finance

Responsible for company affairs, financial and legal matters for BSSPL, Mr. Sanjay Maheshwari responsibilities span financial compliance, fund management, project finance, corporate financial planning, and secretarial Compliances. He is Company Secretary also. He has worked in financial department of Insurance Broking House, ICD Companies, & Export House.

Organogram at HQ



Organogram at Region and location



Background of the activity

The business model at CSIA, Mumbai is based on the concept of "Open Access System" which has encouraged the competition & optimisation. The "Value Chain of Aviation Fuel Supply has been segmented into:

- d) Aviation Fuel Supplies by Fuel Suppliers
- e) Hydrant Infrastructure Services
- f) Into-Plane Services

Thus the Into-Plane service is a part of Value Chain & was earlier done by fuel suppliers being a part of integrated fuel supply.

The Into-Plane service fee has been arrived by the Airport Operator through a competitive bidding process wherein based on Technical & Commercial evaluation the price discovery for Into-Plane service fee was made. M/s Bharat Stars Services Pvt Ltd was selected through this competitive process by the Airport Operator. Thus in current context there are two "ITP" service providers. Consequent to selection through competitive bidding process, the selected Companies as Into-Plane concessionaire have made / committed investments in line with long term project requirements.

Detail of Project Cost

As per agreement terms and business requirement purchasing of fuelling vehicles are planned in line with airport growth, air traffic growth and passenger growth. Based on the trend and available projected data we have considered further addition of dispenser to cater the demand of flight clash.

Also some fuelling vehicles shall be considered for replacement as per their useful life during the 5 year plan. The details are uploaded as per prescribed format.

Hydrant Dispenser

Hydrant Dispenser is a specially designed and fabricated item having various aviation modules on suitable diesel engine driven chassis meeting regulatory requirements of RTA, CCOE, DGCA, petroleum rules, AAI guidelines etc like permitted axle load, length, width height, permitted safety fittings. The engine is used for propulsion and auxiliary duties complying latest EURO norms.

Dispensers are used for airport having hydrant facility having international standard for handling all type of aircrafts starting from small aircrafts like Beachcraft-20, Falcon-900 to Boeing -777, Airbus380, Antonov 228. This is designed and fabricated in order to meet national and international requirements and safety standards, such as JIG, OISD.



The key features are given below:

1. Brake interlock system:
2. Power take off system: for taking extra energy from engine
3. Metering and digital display with key pad and fuelling database memory and report generation and provision for wireless data transmission.
4. Electrical and pneumatic system for various controls and indication.
5. Flow control system comprising of latest JIG approved Inlet coupler, Aviation fuel pressure control valve, aviation hoses, piping, filter housing, venturi, and Hose end pressure control valve (HEPCV) and delivery couplings.
6. ATF filtration system (fuel monitors), online sampling and product recovery.
7. Fire Extinguishers of different type as per CCOE guidelines
8. Scissor platform lifting mechanism, boom, stabiliser, reel hose winding mechanism suitably designed for single man operation.
9. Provisions for various levers and buttons to handle emergency situation to ensure safe and uninterrupted refuelling.
10. DP switch system for online ATF quality protection.

Refuellers

It is also specially designed and fabricated item having various modules on suitable diesel engine driven chassis meeting regulatory requirements of RTA, CCOE, DGCA, petroleum rules, AAI guidelines etc like permitted axle load, length, width height, permitted safety fittings. The engine is used for propulsion and auxiliary duties complying latest EURO norms.

Refuellers are used for refuelling when no hydrant point is available and also for defuelling activities using its own tank age. This is designed and fabricated in order to meet national and international requirement and safety standards, such as IS9290, Petroleum Rules 2002 and Petroleum Act, IATA-JIG guidelines- latest standard, OISD etc.

The key features are given below:

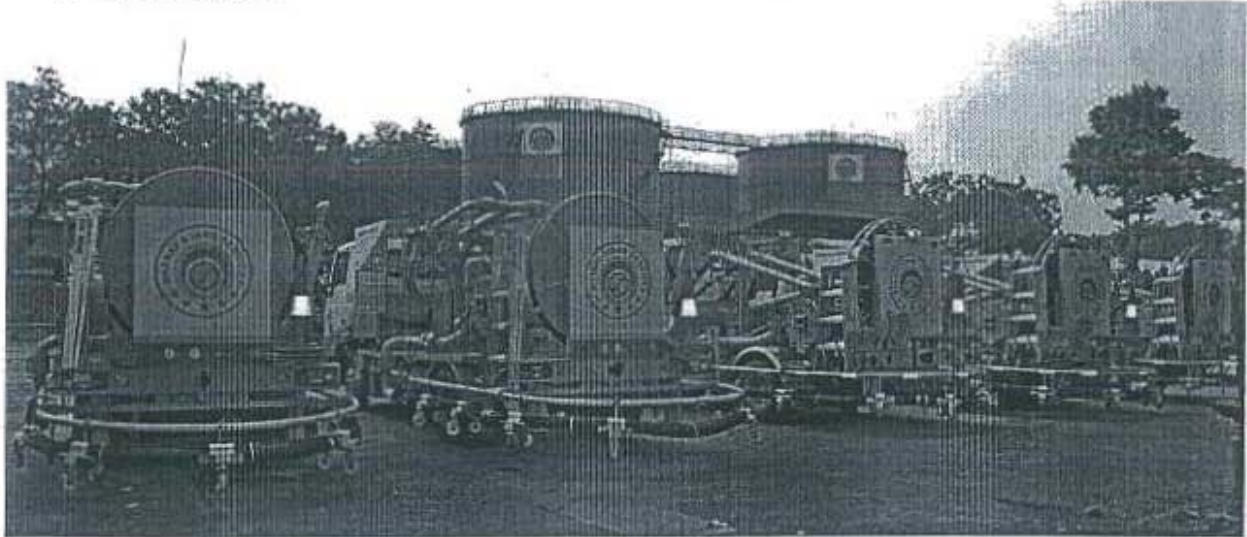
1. Brake interlock system
2. Power take off system: for taking extra energy from engine
3. Metering and digital display with key pad and fuelling database memory and report generation and provision for wireless data transmission.
4. Fuelling and Defuelling activity with educator mechanism
5. Electrical and pneumatic system for various controls and indication.
6. Flow control system comprising of aviation hoses, piping, filter housing, venturi, Hose end pressure control valve (HEPCV) and delivery couplings.
7. ATF filtration system (fuel monitors), online sampling and product recovery.
8. Fire Extinguishers of different type as per CCOE guidelines
9. Provisions for various levers and buttons to handle emergency situation to ensure safe and uninterrupted refuelling.

As per the Into Plane operation and its Quality requirement, the office should have a proper workshop having critical spares and consumables and maintenance and Quality check tool kits. Few of the key items are listed below:



1. Hose testing machine and supporting parts.
2. Gauge testing equipments
3. Millipore kit and ASTM chart
4. Other masters like master hydrometers and master thermo meter with sufficient number of hydrometers and thermometers
5. Complete sampling kit for each dispenser and Refuellers and its spares.

6. Critical spares like seals and repair kit for Inlet coupler, AFPCV, Delivery coupling.
7. Air Compressor
8. Car Washing system
9. Various tools.



Communication

Wireless radio communication system with base station and intrinsically safe radio hand sets for smooth operations.

Other Capex items:

As per business requirement needful furnitures, office items, work shop items, computer and peripherals are required to add or replace which are planned for running the ITP operation smoothly. we have to develop ITP Office along with other furniture Items and facilities, IT Peripherals and other workshop items for carrying out operations smoothly.

Security Deposit

As per the Sub Concessionaire Agreement entered into with BIAL, BSSPL has paid Rs. 200 Lacs as interest free security deposit to the Airport Operator, BIAL.

Regulatory Asset Base

RAB is calculated by taking into consideration all the fixed assets proposed to be introduced after providing depreciation, addition and disposal, if any, as per the guideline by AERA vide Direction No. 4 issued on 10.01.2011

Means of Finance

Estimated cost of CAPEX during the 2nd control period is Rs 69.69 million which is for additional CAPEX investment to cater the demand of operation in addition existing CAPEX investment . The existing CAPEX shall also be reflected in depreciation and RAB schedule for reference.

Debt:

- We have planned to arrange fund for this additional CPAEX from our internal accrual and reserves without taking any debt from the market for Bangalore ITP operation.

Operating Expenses

The details of all the head of the operating expenses are given in the enclosed financial statement. Following are key consideration points:

- Annual manpower cost escalation: 8-12% (considering increase of manpower as well as salary enhancement)
- The major Components of Dispensers and Refillers are imported from reputed manufactures globally. The Last two -three year trend is 10% -12% escalation including Exchange Rate Variance.
- In general 7.5 to 10% % cost escalation is taken in consideration for all items / overheads as per market trends unless there is some precondition
- 5 % revenue share to airport operator is accounted as per concession agreement.
- The airport volume growth happened in last 3 to 4 years and as per available information the ATF volume growth is not very significant as for international sector, the airlines has started bring more fuel efficient aircrafts and for domestic sector at Bangalore there is a significant introduction of regional airlines within south leading less fuel intake even though there is significant ATM. The volume share of BSSPL has been assumed around 25.5% of overall market share based on latest trend.

BASIS FOR DETERMINATION OF FAIR RATE OF RETURN ON EQUITY (FROR) UNDER CAPITAL ASSET PRICING MODEL (CAPM)

1) Risk free rate

Risk free rate is regarded as nominal rate of return expected from a risk free asset which has no default risk and no re-investment risk. For Risk Free Rate (R_f) the yield to maturity (YTM) on bonds issued by government of India based on current traded value, preferably, of long term tenure beyond the forecast period. The benchmark yield on 10 year government of India bond was adapted. This works out to 7.81%.

2) Equity Risk Premium

Equity risk premium refers the extra return that would be expected by an equity investor over and above the risk free return to compensate for additional risk associated with an investment in equity instead of investment in risk free assets. The risk premium is defined as the difference between the market return on stocks and risk free returns ($R_m - R_f$). Based on some research and analytical studies available in public domain, the equity risk premium can be calculated by adding adjusted risk premium for India. Risk premium as calculated by Aswath Damodaran for India works out at 9.28%.

3) Beta (B)

Beta is the measurement of systematic risk or non-diversifiable risk of particular investment. In simple words it is a measure of performance of an asset in comparison with the performance of market as a whole. As the company is not a listed entity, the Beta (B) value is calculated by considering the published beta of Bharat Petroleum Corporation Limited. The Published Beta (B) of Bharat Petroleum was unlevered and thereafter relevered beta for the Company has been calculated.

4) Cost of Equity (Ke)

As per the AERA Guidelines, cost of equity has been calculated using CAPM Approach.

Form A

BEFORE THE AIRPORT ECONOMIC REGULATORY AUTHORITY OF INDIA

AT NEW DELHI

SUBMISSION OF MULTI YEAR TARIFF PROPOSAL FOR AND ON BEHALF OF:

M/S BHARAT STARS SERVICES PRIVATE LIMITED

I, Akash Tiwari, aged 45 resident of D2/ 101, Bharat Petroleum Housing Complex, Sector- 56, NOIDA- 201301 acting in my official capacity as Chief Executive Officer in M/s Bharat Stars Services Private Limited having its registered office at Aviation Fuelling Station, Indira Gandhi International Airport, New Delhi- 110061 do hereby state and affirm as under that:

- 1) That I am duly authorized to act for and on behalf of M/s Bharat Stars Services Pvt. Ltd. In the matter of making this submission before the Airports Economic Regulatory Authority of India, New Delhi ("the authority")
- 2) I am competent to make this submission before the Authority;
- 3) I am making this submission in my official capacity and the facts stated herein are based on official records;
- 4) The content of this submission related to Kempegowda International Airport, Bengaluru which include inter alia (i) Business Plan; (ii) Information relating to the regulatory Building Blocks; (iii) Competition Assessment; (iv) Historical and Forecasted Volumes; and (v) Historical Revenues, are correct and true to my knowledge and belief and nothing material has been concealed there from.


Akash Tiwari
(Chief Executive Officer)

Place: New Delhi
Date: March 10, 2016

Form B

BEFORE THE AIRPORTS ECONOMIC REGULATORY AUTHORITY OF INDIA
AT NEW DELHI

SUBMISSION OF PROPOSAL FOR DETERMINATION OF ANNUAL TARIFF FOR AND ON
BEHALF OF: BHARAT STARS SERVICES PVT. LTD.


I, Akash Tiwari, aged 45 Years resident of Bharat Petroleum Housing Complex, Sector- 56, NOIDA- 201301 acting in my official capacity as Chief Executive Officer in M/s Bharat Stars Services Private Limited having its registered office at Aviation Fuelling Station, Indira Gandhi International Airport, New Delhi- 110061 do hereby state and confirm as under that:

1. That I am duly authorized to act for and on behalf of M/s M/s Bharat Stars Services Private Limited in the matter of making this submission before the Airports Economic Regulation Authority of India, New Delhi ('the Authority');
2. I am competent to make this submission before the Authority;
3. I am making this submission in my official capacity and the facts stated herein are based on official records;
4. The contents of the Annual Tariff Proposal submission related to Kempegowda International Airport, Bengaluru which include inter alia
 - i. ~~Estimated Maximum Allowed Yield per Unit and the proposed detailed breakup of Tariff(s) (in context to Estimated Maximum Allowed Yield per Unit where determined by the Authority) where the Authority has specified a price cap approach for the duration of the Control Period, pursuant to Clause 3.2;~~

OR

Proposed detailed break-up of Tariff(s) based on Clause 11.2 where the Authority has specified a light touch approach for the duration of the Control Period, pursuant to Clause 3.2 (strikeout whichever is not applicable); and

- ii. Justifications are correct and true to my knowledge and belief and nothing material has been concealed there from.


Akash Tiwari
(Chief Executive Officer)

Place: New Delhi
Date: March 10, 2016

Form C:

BEFORE THE AIRPORTS ECONOMIC REGULATORY AUTHORITY OF INDIA

AT NEW DELHI

SUBMISSION OF ANNUAL COMPLIANCE STATEMENT FOR AND ON BEHALF OF:

M/S. BHARAT STARS SERVICES PVT. LTD.

I, Akash Tiwari, aged 45 Years resident of Bharat Petroleum Housing Complex, Sector- 56, NOIDA- 201301 acting in my official capacity as Chief Executive Officer in M/s Bharat Stars Services Private Limited having its registered office at Aviation Fuelling Station, Indira Gandhi International Airport, New Delhi- 110061 do hereby state and confirm as under that:

1. That I am duly authorized to act for and on behalf of M/s Bharat Stars Services Pvt. Ltd. in the matter of making this submission before the Airports Economic Regulation Authority of India, New Delhi ('the Authority');
2. I am competent to make this submission before the Authority;
3. I am making this submission in my official capacity and the facts stated herein are based on official records;
4. The contents of the Annual Compliance Statement submission for Kempegowda International Airport, Bengaluru are correct and true to my knowledge and belief and nothing material has been concealed there from.



Akash Tiwari
(Chief Executive Officer)

Place: New Delhi
Date: March 10, 2016

COMPARATIVE STATEMENT OF TARIFF IN RESPECT OF M/S BSSPL FOR ITP SERVICES AT BANGALORE AIRPORT, BANGALORE.

(Rs./KL)

Tariff Year		Aircraft Fuelling	Aircraft De-Fuelling		Aircraft Re-Fuelling De-Fuelled Product		Aircraft Fuelling	Aircraft De-Fuelling		Aircraft Re-Fuelling De-Fuelled Product	
			Within 6 Hrs.	Beyond 6 Hrs.	Within 6 Hrs.	Beyond 6 Hrs.		Within 6 Hrs.	Beyond 6 Hrs.	Within 6 Hrs.	Beyond 6 Hrs.
							Percentage increase over different tariff years				
1st Control Period	13-14	243.11	243.11	291.72	267.41	291.72					
	14-15	255.27	255.27	306.31	280.78	291.72	5%	5%	5%	5%	0%
	15-16	268.03	268.03	321.63	294.82	321.63	5%	5%	5%	5%	10%
2nd control Period	16-17	281.03	281.03	337.71	309.56	337.71	5%	5%	5%	5%	5%
	17-18	295.50	295.50	354.60	325.04	354.60	5%	5%	5%	5%	5%
	18-19	310.28	310.28	372.33	341.29	372.33	5%	5%	5%	5%	5%
	19-20	325.79	325.79	390.94	358.36	390.94	5%	5%	5%	5%	5%
	20-21	342.08	342.08	410.49	376.27	410.49	5%	5%	5%	5%	5%

COMPARATIVE STATEMENT OF ACS FOR THE FIRST CONTROL PERIOD

Bharat Stars Services Pvt. Ltd. (Bangalore Airport)

(In Millions)

Form F16:Performance Report

	2011-12	2012-13	2013-14	2014-15	2015-16
	Actual	Actual	Actual	Actual	Actual
Total Revenue from Regulated Services (1)	24.60	23.09	30.20	37.14	37.30
Total Revenue from services other than Regulated Services (2)	12.06	12.80	17.17	9.94	2.78
Operating Expenditure (3)	18.74	16.62	20.06	22.94	23.86
Depreciation (4)	5.41	4.76	5.73	5.71	4.44
Total Expenditure (3) + (4) = (5)	24.15	21.38	25.79	28.65	28.30
Regulatory operating Profit (1) + (2) - (5) = (6)	12.51	14.51	21.58	18.43	11.78
Capital expenditure (7)	0.28	12.32	0.13	1.58	1.19
Opening RAB (8)	38.15	33.02	40.57	34.97	30.79
Disposals/ Transfers (9)	5.41	4.76	5.73	5.76	4.44
Closing RAB (8) + (7) - (9) = (10)	33.02	40.58	34.97	30.79	27.54
Average RAB (8) + (10) / 2 = (11)	35.59	36.80	37.77	32.88	29.17
Return on Average RAB (6) / (11)	35%	39%	57%	56%	40%
Total Volume -in KL (12)	112427	100645	124994	146523	140414
Actual yield per unit (12/1)	219	229	242	253	266
Informative Data					
BSSPL Profit as whole	10.57	12.00	30.79	22.17	34.34
BSSPL Tax as whole	3.48	3.86	7.76	7.28	12.22
BSSPL Profit after Tax as whole	7.09	8.14	23.03	14.89	22.11

Annexure- IV

Tariff Card of M/s BSSPL for providing Into Plane Services at Kempegowda International airport, Bangalore for the tariff years 2016-17 to 2020-21

(In Rupees/KL)

Tariff Year		Aircraft Fuelling	Aircraft De-Fuelling		Aircraft Re-Fuelling De-Fuelled Product	
			Within 6 Hrs.	Beyond 6 Hrs.	Within 6 Hrs.	Beyond 6 Hrs.
2nd control Period	16-17	281.03	281.03	337.71	309.56	337.71
	17-18	295.50	295.50	354.60	325.04	354.60
	18-19	310.28	310.28	372.33	341.29	372.33
	19-20	325.79	325.79	390.94	358.36	390.94
	20-21	342.08	342.08	410.49	376.27	410.49