

**Consultation Paper No. 01 /2018-19**



**Airports Economic Regulatory Authority of India**

**TO CONSIDER THE MULTI YEAR TARIFF PROPOSAL AND ANNUAL TARIFF PROPOSAL FOR THE SECOND CONTROL PERIOD W.E.F. 01.04.2016 TO 31.03.2021 IN RESPECT OF M/s BHARAT STARS SERVICES PVT LTD (BSSPL) FOR PROVIDING INTO PLANE SERVICES AT CHHATRAPATI SHIVAJI INTERNATIONAL AIRPORT, MUMBAI.**

**New Delhi: 10<sup>th</sup> April, 2018.**

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

M/s Bharat Stars Services Pvt. Ltd. (BSSPL) vide their letter dated 09.03.2016 submitted their Annual Tariff Proposal and Multi Year Tariff Proposal for the 2<sup>nd</sup> control period (01.04.2016 to 31.03.2021), for determination of Into Plane charges at Chhatrapati Shivaji International Airport, Mumbai. Following are the salient features of the proposal:

<b>1</b>	Name of the ISP	Bharat Stars Services Pvt. Ltd.(BSSPL)
<b>2</b>	Service	Into Plane Service.
<b>3</b>	Airport	Chhatrapati Shivaji International Airport, Mumbai
<b>4</b>	<p>(i) Proposal under consideration</p> <p>(ii) Whether Justification for proposed increase in tariffs provided by BSSPL.</p>	<p>(i)</p> <p>a) MYTP for the 2<sup>nd</sup> control period w.e.f. 01.04.2016 to 31.03.2021</p> <p>b) ATP for FY 2016-17 to 2020-2021</p> <p>(ii) Yes,</p> <p>a) Annual escalation in operating expenditure @ 5%</p> <p>b) Additional manpower cost to meet DGCA requirement of using 'Two Men' operated Dispenser at Mumbai airport due to security concerns.</p> <p>c) Increase in cost due to operation from two locations since, MIAL has offered land at two different locations instead of single piece of land.</p> <p>d) Increase in land rent by MIAL/MAFFFL from Rs.1500/sq mtr to Rs.8127/sq mtr from F Y 2015-16 with annual escalation of 7.5% pa.</p> <p>e) Increase in cost due to office space &amp; porta cabin required to be rented from MIAL, since ITP operators are not allowed to construct their ITP depot on the land provided by MIAL.</p>
<b>5</b>	Year of Last Revision of rates with % (+/-).	BSSPL has started ITP services at CSI Airport, Mumbai w.e.f. 25.01.2015.
<b>6</b>	Regulatory Approach in first control period.	The Authority adopted light touch approach for the 1 <sup>st</sup> control period as the service provided by M/s BSSPL is "material but competitive", and issued the Multi Year Tariff Order No. 11/2015-16 dated 27.05.2015. Accordingly tariff was also determined for the period 25.01.2015 to 31.03.2016. ( <b>Annexure I</b> ).
<b>7</b>	Tariff Comparison for BSSPL-Existing Rates Vs Proposed Rates.	The comparative statement of existing tariff and proposed tariff (1 <sup>st</sup> Control period vs 2 <sup>nd</sup> Control period) is placed at <b>Annexure II</b> .

8	(i) Annual Compliance Statement of 2015-16 with key parameters Revenue, Expenditure, Operating Profit, CAPEX, PBT & PAT, Volume.	(i) Key parameters:			
		Rs in Lakhs			
		Performance Report for the years	14-15	15-16	16-17
		Total Revenue	165.70	1066.40	1132.98
		Total Expenditure	147.50	876.80	965.86
		Operating Profit	18.20	189.60	167.12
		Capital Expenditure	1217.80	382	849.20
		As per the ACS data submitted:			
		a. Revenue has grown by 6% from Rs 1066.40 Lakhs in 2015-16 to Rs 1132.98 Lakhs in 2016-17.			
		b. Operating profit has decreased by 12% from Rs 189.60 Lakhs in 2015-16 to Rs. 167.12 Lakhs in 2016-17.			
		Consolidated PBT & PAT of M/s BSSPL:			
		Rs in Lakhs			
		Particulars	Financial Year		
			2015-2016	2016-2017	
		Total Revenue	2256.56	2659.58	
		Total Expenses	1676.06	1879.27	
		EBIDA	580.50	780.31	
		Depreciation	80.42	122.60	
		Finance Cost	38.57	49.73	
		Profit before tax	461.51	607.98	
		Tax Expenses	163.49	182.42	
		PAT	298.02	425.56	
		Abbreviations: PAT-Profit after tax, PBT-Profit before tax, EBIDA: Earnings before interest depreciation and amortization.			
	(ii) Comparative ACS	(ii) Comparative ACS for the years 2014-15 to 2016-17 is annexed with the CP (Annexure III)			
	(iii) Audited Balance Sheet for the FY. 2015-16	(iii) Audited financial Statement for 2015-16 and 2016-17 is placed at Annexure IV			
9	Whether copy of User Agreements/Concession Agreement provided by BSSPL.	Copy of user agreements/concession agreement have been submitted by M/s BSSPL and is valid during the 2 <sup>nd</sup> control period.			
10	Evidence of Stakeholder Consultation done by HMA CPL with reference to their proposed MYTP-ATP submitted to AERA.	1. List of Stakeholders		Evidence for stakeholder consultation has not been submitted.	
		2. Meeting Notice			
		3. Minutes of the meeting with the attendance sheet of the participants.			
		4. Comments of the Stakeholders			

		5. Redressal of stakeholder's concerns, if any,	
11	Concession fee payable to MAFFFPL.	As per concession agreement the concession fee payable is 6% of the monthly Gross Revenue.	
12	License Fee	As per concession agreement land license fee Rs. 1500/sq.mt./year and escalated at 5% per annum ( <b>Annexure V</b> ).	
13	Examination of the proposal as per the "Light Touch" approach parameters provided in the CGF guidelines, 2011.	<b>Parameter</b>	<b>Status</b>
		1. Materiality Index (MI)	Material (24.29%).
		2. Competition	Yes,  As per Form 1(b), BSSPL stated that IOSL is also providing Into Plane services at Chhatrapati Shivaji International Airport, Mumbai.  It has been noted that ITP services at CSI Airport, Mumbai are being provided by two service providers, viz. IOSL and Bharat Star Services Pvt. Ltd, both of which have been appointed by MAFFFPL through competitive bidding process by way of a public tender. Since there are two service providers for ITP Services at CSI Airport, Mumbai, the service falls under the category of <b>'material and competitive'</b> .
		3. Reasonableness of user agreements.	BSSPL has submitted the User Agreement with Oil companies as evidence.
14	Remarks :	i) Proposed investment during 2 <sup>nd</sup> control period is Rs.1311.92 Lakhs.  ii) M/s BSSPL has projected annual growth of 1% in volume of fuel from 2017-18 to 2020-21 against 6% growth in revenue FY 16-17 compare to FY 15-16.	

- 2.1 As stipulated in Clause 3 of the guidelines, the Authority shall follow a three stage process for determining its approach to the regulation of regulated service-
- (i) 'Materiality' as per Clause 4;
  - (ii) 'Competition' as per Clause 5; and
  - (iii) Reasonability of User Agreement(s) as per Clause 6.

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

$$\text{Materiality Index (MI}_F\text{) is= } \frac{\text{Fuel Throughput in kilolitres at a major airport A}}{\text{Total Fuel Throughput in Kilolitres at major airports}} \times 100$$

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.

- (iv) Where the MI<sub>F</sub> as calculated above is 15% or more at a major airport, the service provided for supplying fuel to the aircraft at major airport A shall be deemed 'material'. If MI<sub>F</sub> is below 5% then the service provided for supplying fuel to the aircraft at major airport A shall be deemed 'not material'.
- 2.3 As per Clause 6 of the guidelines, 2011, 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".*
- 2.4 As per Clause 3.2 (ii) of the guidelines, 2011, wherever the regulated service provided is 'material and not competitive', but where the Authority is assured of the reasonableness of the User Agreement(s), 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. The guidelines also provide that the Authority may in its discretion consider such other additional evidence regarding reasonableness of competition, as it may deem fit.
- 2.5 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:
- 2.5.1 Form B and Form 14(b)
  - 2.5.2 Details of consultation with stakeholders
  - 2.5.3 Evidence of User Agreements clearly indicating the Tariff proposed by the Service Provider.

### 3 Examination

- 3.1 The service rendered by BSSPL for providing ITP services at CSI Airport, Mumbai 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.
- 3.2 The Materiality Index (MI) for ‘supply of fuel’ services at CSI Airport, Mumbai is 24.29 % 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 CSI Airport, Mumbai is deemed as ‘material’.
- 3.3 As regards competition, M/s Indian Oil Skytanking Ltd (IOSL) is also providing ITP services at CSI Airport, Mumbai. As there are two service providers rendering ITP services, the ITP services are deemed as ‘Competitive’ at CSI Airport, Mumbai.
- 3.4 The Authority determined tariff for BSSPL under “Light Touch Approach” during the first control period as the ITP service rendered by BSSPL at CSI Airport, Mumbai 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.
- 3.5 The comparative scenario of revenue, cost, yield per unit and return on average RAB as per Annual Compliance Statement based on the submissions of BSSPL is placed for perusal at **Annexure-III**. According to the Comparative Statement of the ACS, BSSPL has invested Rs.12.18 crore during 2014-15, Rs. 3.82 crore during 2015-16 and Rs. 8.49 crore during 2016-17 and making profit since commencement of operation at Mumbai. The Return on RAB is 14.5% for the FY 2015-16 and 9.5% for the FY 2016-17. The projected growth in volume for F Y 2017-18 is 1% comparing to 2016-17.
- 3.6 BSSPL in their Annual Tariff Proposal has 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.
- 3.7 The Authority noted that the operating expenditure per KL of M/s BSSPL works out 50% higher than that incurred by other ITP operator whose volume is higher. The Authority sought clarification from M/s BSSPL on the following points and considered the justifications given by BSSPL in this regard:
  - a) Increase in operating expenditure compared to low/minimum increase in volume proposed for FY 2016-17 to 2018-19.  
In this regard M/s BSSPL stated that “an ITP operation is a manpower intensive industry and the manpower cost increases by around 10% to 12 % every year, further land rental is a fixed cost and it increases by 7.5% every year. Regarding maintenance cost of vehicles, it increases by around 6% to 8% every year and consumables and fuel cost also increases around 10% to 12% every year. All these collectively put together results in an increase in the operating expenditure even if there is no increase in the volume. The nature of ITP operations is such that the ITP operator has to deploy the same number of manpower and equipment despite the drop in volume. The

*regulations require us to QC and maintenance checks a predefined frequency which continues to entail the same expenditure. Therefore, with increase of volume the operating costs definitely go up, but the same is not reduced on reducing volumes”.*

- b) High depreciation charges proposed in FY 2017-18 and 18-19 compared to 2016-17.

*In this regard M/s BSSPL stated that “the depreciation for 2017-18 has increased due to addition of dispensers and refuellers at Mumbai Airport. The proposed depreciation amount in FY 2017-18 and FY 2018-19 is higher as compared to FY 2016-17 due to the fact that we had a Capex of Rs. 849.20 Lacs in FY 2016-17, which would lead to higher depreciation in the FY 2017-18 and FY 2018-19. The Capex will also increase by around Rs. 500 lacs in FY 2018-19 due to purchase of refuellers at Mumbai.”*

- 3.7.1 M/s BSSPL has also sought increase in tariff in view of increase in land rent demanded by MIAL/ MAFFFL. However, the Authority is of the view that MAFFFL has to provide the agreed land to BSSPL as per the existing agreement and hence has not considered any increase in tariff on this account.
- 3.8 The Authority observed that M/s BSSPL vide letter dated 05.04.2017 has proposed 15% increase in FY 2016-17 and further increase of 33% in FY 2017-18 and further increase of 8% year on year for second control period. It is also observed that growth in fuel supply has been considered as 1% by M/s BSSPL. However, the Authority considered 2% growth in fuel supply at CSI, Mumbai and reworked the revenue requirement of BSSPL as per the table given below.

- 3.8.1 The Authority also noted that M/s BSSPL has incurred Rs. 849 Lakhs towards Asset addition during 2016-17 and proposed Rs. 604 Lakhs for FY-2017-18.

(Rs. In Lakhs)				
		2016-17 (Actual)	2017-18 (Estimate)	2018-19 (Estimate)
Volume in KL	1	570905	582323	593970
		198	198	198.00
Total Revenue	2	1132.98	1153.00	1176.06
Operating Expenditure	3	874.52	935.74	1001.24
Depreciation	4	91.34	224.08	234.66
Cost of addl manpower	5	0.00	99.33	99.33
Addl cost for office space & porta cabin	6	0.00	439.49	472.45
Total Expenditure	7	965.86	1698.64	1807.68
Profit	8	167.12	-545.64	-631.62
Opening RAB	9	1419.80	2091.88	2386.30
CAPEX Addition	10	849.20	604.00	24.00
Dep + Disposal	11	177.12	309.58	320.16
Closing RAB	12	2091.88	2386.30	2090.14
Average RAB	13	1755.84	2239.09	2238.22



Return on Average RAB @ 14%	14	245.82	313.47	313.35
<b>ARR (7+14)</b>	15	<b>1211.68</b>	<b>2012.11</b>	<b>2121.03</b>
<b>Expected Short fall of 2018-19</b>	16			
Net Short Fall (15-2+16)	17	78.70	859.11	944.97
% of shortfall to Total Revenue	18			80.35
<b>Required Rate for 2018-19 to match ARR</b>	19			<b>357.09</b>
% increase in rate	20			<b>80.35%</b>
Proposed Rate(BSSPL)				300.06
Expected Revenue	21			1782.27
Expected shortfall (after revision)	22			338.76

- 3.9 The Authority observed that 80.35% increase in tariff is required to match the revenue requirement as proposed by M/s BSSPL for FY 2018-19. However, M/s BSSPL vide letter dated 26.03.2018 has proposed Rs.300.06/KL for FY 2018-19, which works out to 51.55% higher than the existing rate of BSSPL.
- 3.10 As FY 2016-17 and FY 2017-18 are already over, the tariff prevailing on 31.03.2016 shall be continued for F Y 2016-17 and FY 2017-18. The Authority considered the submission of BSSPL to allow the rate of Rs.300.06/KL for FY 2018-19 which is lower than the ARR as per above table at para 3.8. Further 5% increase in tariff is considered for FY 2019-20 and 2020-21 in view of inflation instead of 8% increase sought by M/s BSSPL.

#### **4 Proposal**

The Authority makes the following proposal for stakeholder consultation:

- 4.1 The Into Plane Service being provided by M/s Bharat Stars Services Private Limited (BSSPL) at CSI Airport, Mumbai is **“Material but Competitive”**. Therefore the Authority proposes to adopt **‘Light Touch Approach’** for determination of tariffs for the 2<sup>nd</sup> control period w.e.f. 01.04.2016 to 31.03.2021 and accordingly issue the MYTO for the 2<sup>nd</sup> control period.
- 4.2 The Authority proposes to allow BSSPL to continue the levy of tariffs existing as on 31.03.2016 for the First Tariff year (2016-17) and Second Tariff Year (2017-18) of Second Control Period.
- 4.3 The Authority proposes 51.55% increase in existing tariff for 2018-19 to meet the revenue requirement of BSSPL to a large extent. The Authority further proposes to increase the tariff by 5% year on year for FY 2019-20 and 2020-21. The proposed tariff card is attached as **“Annexure VI”**.

5. In accordance with the provisions of Section 13(4) of the AERA Act, the proposal contained in para 4 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 4 above, latest by **30.04.2018** 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](mailto:puja.jindal@nic.in)**

**Tel: 011-24695042  
Fax: 011-24695039**

**(S. Machendranathan)  
Chairperson**

[F.No. AERA/20010/MYTP/BSSPL/ITP/Mum/2014-15]

Airports Economic Regulatory Authority of IndiaOrder No. 11/2015-16

AERA Building,  
Administrative Complex,  
Safdarjung Airport,  
New Delhi -110003

Date of Order: 20<sup>th</sup> May, 2015Date of Issue: 27<sup>th</sup> May, 2015

**Service:** Into Plane Services  
**Service provider:** M/s Bharat Star Services Private Limited  
**Airport:** Chhatrapati Shivaji International Airport (CSIA),  
Mumbai

**Determination of tariff for the fourth (2014-15) and fifth (2015-16) tariff year of the first control period.**

This Authority, vide Direction No. 04/2010-11 dated 10.01.2011, had issued the Guidelines [The Airports Economic 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] prescribing procedures, terms and conditions for determination of tariff for the above mentioned regulated services being provided by Independent Service Provider(s). As per the Guidelines, the service providers are required to submit Multi Year Tariff Proposal (MYTP) for the five year control period and Annual Tariff Proposal (ATP) for individual tariff years of the Control Period. In case a new Service Provider is granted permission for providing regulated service(s) at a major airport, the service provider shall, within two months of the date of grant of such permission, submit to the Authority for its consideration, a Multi Year Tariff Proposal (MYTP) in accordance with these Guidelines.

2. Accordingly, BSSPL vide letter no. BSSPL.HO.AERA dated 18.01.2015 submitted their Multi Year Tariff Proposal (MYTP) and Annual Tariff Proposal (ATP) for the 4<sup>th</sup> tariff year (2014-15) and 5<sup>th</sup> tariff year (2015-16) for the current control period (2011-2016) for providing ITP services at CSI Airport, Mumbai.

3. Subsequently, the Authority considered the MYTP and ATP for the fourth and Fifth tariff year and issued Consultation Paper No. 03/2015-16 dated 07.04.2015 for stakeholder's consultation. The last date of receipt of comments was 18.04.2015. In response thereof, comments have been received from the following stakeholders/others:

- (i) Shell MRPL Aviation Fuels and Services Limited vide letter of even no. dated 16.04.2015 has offered the comments in response to consultation paper as below:

*".....We have gone thru the consultation paper no. 03/2015-16 dated 07.04.2015. We do not have any comment on the ITP charges increase of 5% for*





1<sup>st</sup> Control period i.e. increase of tariff from Rs. 198/KL 2014-15 to Rs. 207.90/KL for year 2015-16.

However, in case of proposal of BSSPL we don't see and communication with respect to 2<sup>nd</sup> control period i.e. 2016-17 to 2020 -21. It would have been advantageous for us if the same also would have incorporated in line with IOSL proposal. It would have enabled us to be in a better position for our strategic planning.

Please accept this letter as our consent for the increase in ITP charges for 1<sup>st</sup> control period to BSSPL for providing ITP service at CSIA, Mumbai for aircraft Refuelling; Aircraft Defuelling and aircraft refuelling defuelled product into an aircraft....."

- (ii) HPCL vide letter of even no. dated 17.04.2015 has offered the comments in response to consultation paper as below:

"..... We have perused the above consultation paper. BSSPL has sought approval of ITP Charges for the fourth (2014-15) & Fifth (2015-16) tariff years from the Authority as under.

Period	Aircraft Fuelling	Aircraft Defueling within 6 hours	Aircraft Defueling beyond 6 hours	Aircraft Refueling Defueled product into an aircraft within 6 hours	Aircraft Refueling Defueled product into an aircraft beyond 6 hours
Tariff Year 4 (2014-15)	198	200	250	200	250
Tariff Year 5 (2015-16)	207.9	210	262.5	210	262.5

We agree to the proposal ....."

- (iii) MIAL vide letter of even no. dated 18.04.2015 has offered the comments in response to consultation paper as below.

"..... We understand that ceiling rates proposed in Annexure 2 are exclusive of applicable Service Tax and the same will be charged extra, which may be stated explicitly....."

- (iv) MAFFFL vide letter of even no. dated 17.04.2015 has offered the comments in response to consultation paper as below.



*"..... The section of Bharat Star Services Private Limited (BSSPL), which provides the Into Plane Services at CSI Airport, was done by way of competitive bidding through public tender, hence the proposal at AERA to adopt "Light Touch Approach" for determination of tariff for the 1<sup>st</sup> control period (2011-2016) is reasonable and we are in agreement with the same....."*

4. BSSPL vide letter dated 05.05.2015 has requested for approval of the tariff proposed for fourth and fifth tariff year of the first control period under the ambit of light touch approach regulation. BSSPL has mentioned that they have started ITP services at CSI Airport, Mumbai w.e.f. 25.01.2015.

**ORDER**

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

- (i) The ITP services being provided by Bharat Star Services Pvt. Ltd at CSI Airport, Mumbai is "material but competitive", and decided to adopt a "Light Touch Approach" for determination of tariff for the 1<sup>st</sup> Control period (2011-2016)
- (ii) The Tariff for the period 25.01.2015 to 31.03.2016 of the first control period, as submitted by Bharat Star Services Pvt. Ltd for into plane services at CSI Airport, Mumbai is determined as at **Annexure-I**.

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

*Alok Shekhar*  
(Alok Shekhar)  
Secretary

To,

**Bharat Stars Services Private Limited,  
BPCL Aviation Fuelling Station,  
Indira Gandhi International Airport Terminal II,  
New Delhi - 110061  
(Through Shri Akash Tiwari, Chief Executive Officer)**





**Annexure – I**

**M/s Bharat Stars Services Private Limited,**  
**Chhatrapati Shivaji International Airport (CSIA), Mumbai**

**Tariff for the Fourth (2014-15) and Fifth (2015-16)**  
**tariff years for the first control period for the period 25.01.2015 to 31.03.2016.**

<b>Period</b>	<b>Aircraft Fuelling</b>	<b>Aircraft Defueling within 6 hours</b>	<b>Aircraft Defueling beyond 6 hours</b>	<b>Aircraft Refueling Defueled product into an aircraft within 6 hours</b>	<b>Aircraft Refueling Defueled product into an aircraft beyond 6 hours</b>
Tariff Year 4 & (2014- 15) & 5 (2015-16)	198	200	250	200	250



## Annexure - II

### COMPARATIVE STATEMENT OF TARIFF IN RESPECT OF M/S BSSPL FOR ITP SERVICES AT CSI AIRPORT MUMBAI

(Rs./KL)

Tariff Year		Aircraft Fuelling	Aircraft De-Fuelling		Aircraft Re-Fuelling De-Fuelled Product into an Aircraft		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.		Within 6 Hrs.	Beyond 6 Hrs.	Within 6 Hrs.	Beyond 6 Hrs.
							Percentage increase over different tariff years				
1st Control Period	14-15	198.00	200.00	250.00	200.00	250.00					
	15-16	198.00	200.00	250.00	200.00	250.00					
2nd control Period	16-17	198.00	200.00	250.00	200.00	250.00	0%	0%	0%	0%	0%
	17-18	198.00	200.00	250.00	200.00	250.00	0%	0%	0%	0%	0%
	18-19 *	300.06	303.10	378.88	303.10	378.88	52%	52%	52%	52%	52%
	19-20 #	315.06	318.26	397.82	318.26	397.82	5%	5%	5%	5%	5%
	20-21 #	330.81	334.17	417.71	334.17	417.71	5%	5%	5%	5%	5%

\* Proposed by M/s BSSPL

# Proposed by AERA with a hike of 5% over 2018-19 instead of 8% proposed by M/s BSSPL

**Annexure - III****Table: Annual Compliance Statement based on submission by Bharat Star Services Pvt. Ltd.  
for Into Plane Services at CSI Airport Mumbai**

<b>(In Lakhs)</b>				
<b>Particulars</b>		<b>2014-2015</b>	<b>2015-2016</b>	<b>2016-2017</b>
		<b>Actuals</b>	<b>Actuals</b>	<b>Actuals</b>
Revenue from Regulated service	1	165.70	1066.40	1130.45
Revenue from other than regulated service	2	0.00	0.00	2.53
Others	3			
<b>Total Revenue</b>	<b>4=(1+2+3)</b>	<b>165.70</b>	<b>1066.40</b>	<b>1132.98</b>
Operational Expenditure	5	126.60	829.10	874.52
Depreciation	6	20.90	47.70	91.34
Taxation	7			
<b>Total Expenditure</b>	<b>8=5+6+7</b>	<b>147.50</b>	<b>876.80</b>	<b>965.86</b>
<b>Regulatory Operating Profit</b>	<b>9=4-8</b>	<b>18.20</b>	<b>189.60</b>	<b>167.12</b>
<b>Regulatory Assets Base</b>				
Opening RAB-13	10	0.00	1196.90	1419.80
Additional Capital Expenditure	11	1217.80	382.00	849.20
Disposal during the period	12	0.00	111.40	85.78
Depreciation	13	20.90	47.70	91.34
<b>Closing RAB -17</b>	<b>14=10+11-12-6</b>	<b>1196.90</b>	<b>1419.80</b>	<b>2091.88</b>
<b>Average RAB</b>	<b>15=AV(10,14)</b>	<b>598.45</b>	<b>1308.35</b>	<b>1755.84</b>
<b>Return on Average RAB (%)</b>	<b>16=9/15X100</b>	<b>3.04</b>	<b>14.49</b>	<b>9.52</b>
Total Volume (Fuel Throughput)	17	83668	538577	570905
<b>Yield per unit</b>	<b>18=4/17</b>	<b>198.04</b>	<b>198.00</b>	<b>198.45</b>



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Annexure IV

Bharat Stars Services Private Limited  
Balance Sheet as at March 31, 2017

	Notes	As at March 31, 2017	As at March 31, 2016	Amount in ₹ As at April 1, 2015
<b>Assets</b>				
<b>Non-current assets</b>				
(a) Property, Plant and Equipment	2.1	239,225,454	155,069,989	124,420,384
(b) Capital work-in-progress		12,140,744	21,602,021	19,193,268
(c) Financial Assets				
(i) Investments	2.2	49,900,000	49,900,000	49,900,000
(ii) Other Financial Assets	2.2	17,777,563	16,502,968	39,281,436
(d) Deferred Tax Assets				735,669
(e) Other non current assets	2.3	5,467,364	7,005,380	8,543,397
		<u>324,511,125</u>	<u>250,080,358</u>	<u>242,074,154</u>
<b>Current assets</b>				
(a) Inventories		1,995,462	1,934,473	1,471,800
(b) Financial Assets	2.4			
(i) Trade Receivables		30,951,991	15,470,206	33,047,406
(ii) Cash and Cash Equivalents		31,881,903	37,108,760	4,582,776
(iii) Other Financial Assets		2,496,406	2,797,013	4,473,437
(c) Current Tax Assets	2.5	18,979,394	18,011,125	8,640,438
(d) Other Current Assets	2.6	2,024,094	28,314,135	4,910,152
		<u>88,329,250</u>	<u>103,635,712</u>	<u>57,126,009</u>
<b>Total Assets</b>		<u>412,840,375</u>	<u>353,716,070</u>	<u>299,200,163</u>
<b>Equity and liabilities</b>				
<b>Equity</b>				
(a) Equity share capital	2.7	200,000,000	200,000,000	200,000,000
(b) Other Equity		105,376,689	68,015,365	44,349,423
		<u>305,376,689</u>	<u>268,015,365</u>	<u>244,349,423</u>
<b>Liabilities</b>				
<b>Non Current Liabilities</b>				
(a) Financial Liabilities				
(i) Long term Borrowings	2.8	38,526,988	42,622,614	28,059,068
(b) Long term Provisions	2.9	5,666,393	4,659,639	2,462,529
(c) Deferred tax liabilities	2.30	11,498,835	3,903,117	-
		<u>55,692,216</u>	<u>51,185,370</u>	<u>30,521,597</u>
<b>Current liabilities</b>				
(a) Financial Liabilities	2.10			
(i) Trade Payables				
(ii) Other financial liabilities		39,603,638	22,366,490	18,480,036
(b) Short term Provisions	2.11	12,167,832	12,148,845	5,849,107
		<u>51,771,470</u>	<u>34,515,335</u>	<u>24,329,143</u>
<b>Total Equities and Liabilities</b>		<u>412,840,375</u>	<u>353,716,070</u>	<u>299,200,163</u>
<b>Significant accounting policies</b>	1			
<b>Notes to the financial statements</b>	2			

The accompanying notes referred to above form an integral part of the financial statements.

As per our report of even date attached

For DASS GUPTA & ASSOCIATES  
CHARTERED ACCOUNTANTS  
Firm Registration No. 000112N  
(ASHOK KUMAR JAIN)  
PARTNER  
Membership No. 090563

08.06.2017  
Delhi

A. Gupta  
(AKANKSHA GUPTA)  
COMPANY SECRETARY

For and on Behalf of Board

(LOGANATHAN RAMASAMY)  
DIRECTOR  
DIN: 07552251

(MANISH CHANDAK)  
SR. MANAGER FINANCE

(MONICA WIDHANI)  
DIRECTOR  
DIN: 07674403

(AKASH TIWARI)  
CEO

Place: Mumbai  
Date : 06.06.2017

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**Bharat Stars Services Private Limited**

**Statement of Profit and Loss for the year ended March 31, 2017**

Amount in ₹

Notes Year ended March Year ended March  
31, 2017 31, 2016

**Revenue**

Revenue from Operations	2.12	258,664,868	221,697,429
Other Income	2.13	7,294,788	3,959,807

265,959,656 225,657,236

**Expenses**

Cost of Material Consumed	2.14	12,734,377	13,547,567
Employee benefits expense	2.15	103,544,903	81,087,003
Finance costs	2.16	4,973,552	3,857,208
Depreciation and amortisation expense	2.17	12,260,955	8,042,003
Other expenses	2.18	71,649,814	72,972,510

205,163,601 179,506,291

**Profit before tax**

60,796,055 46,150,945

**Tax Expense:**

Current Tax		11,500,000	11,700,000
Deferred Tax		7,595,718	4,638,786
Previous Year tax Adjustments		(853,940)	11,775

**Profit for the year**

42,554,277 29,800,384

**Other Comprehensive Income**

Items that will not be reclassified subsequently to profit or loss :

- Re-measurement gains/ (losses) on net defined benefit plans		(192,953)	(116,542)
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**Total Other Comprehensive Income for the year**

(192,953) (116,542)

**Total Comprehensive Income for the year**

42,361,324 29,683,842

**Earnings per equity share :**

2.19

(1) Basic	2.12	1.48
(2) Diluted	2.12	1.48

**Significant accounting policies**

1

**Notes to the financial statements**

2

The accompanying notes referred to above form an integral part of the financial statements

As per our report of even date attached

**For DASS GUPTA & ASSOCIATES**

CHARTERED ACCOUNTANTS

Firm Registration No. 000112N

(ASHOK KUMAR JAIN)

PARTNER

Membership No.090563

**For and on Behalf of Board**

(LOGANATHAN RAMASAMY)

DIRECTOR

DIN: 07552251

(MANISH CHANDAK)

SR. MANAGER FINANCE

(MONICA WIDHANI)

DIRECTOR

DIN: 07674403

(AKASH TIWARI)

CEO

Place: Mumbai

Date : 06.06.2017

(AKANKSHA GUPTA)

COMPANY SECRETARY



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Annexure-V



महाराष्ट्र MAHARASHTRA

2014

LT 389741

प्रधान मुद्रांकन कार्यालय, मुंबई  
प. मु. वि. क्र. ८०००००८

- 1 NOV 2014

सक्षम अधिकारी

### Into-Plane Fuelling Service Sub Concession-Agreement

श्री. विनोद नंदुरकर

by and between

Mumbai Aviation Fuel Farm Facility Private Limited

as 'MAFFFL'

and

Bharat Stars Services Private Limited

as 'Sub-Concessionaire'

- in relation to Into-Plane Fuelling Services

Date of Execution: November 07, 2014

Place of Execution: Mumbai





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management and maintenance of the ITP Services, subject to the terms and conditions of this Agreement.

'Sub-Concession Fee' means the fee, payable to MAFFFL on a monthly basis, being 6% (six percent) of the monthly Gross Revenue. The Sub-Concession Fee shall be exclusive of any Taxes and all applicable Taxes shall be borne by the Sub-Concessionaire.

'Supplier' means a party (including Aircraft Operators intending to source their own requirement) eligible under Applicable Laws to supply and sell/ use ATF via the Facility.

'Taxes' means any and all taxes, duties, levies, cesses, imposts, surcharges, assessments, or other statutory deductions, withholdings or payments, together with any and all penalties, claims, interest or liabilities in relation thereto. For the avoidance of doubt, this expression includes stamp duty and registration charges.

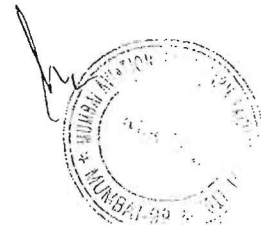
'Term' has the meaning ascribed to it in Clause 18.1.1.

'User' means any person that uses the Services of the Sub-Concessionaire. This expression includes Suppliers and shall include other persons that may subsequently become Users.

'Work' is a collective reference to all activities and work required in relation to the ITP Services including without limitation, construction, modifications, developments and expansions, if any, to the ITP Depots, ITP Maintenance Space, Mobile Equipment and such other facility(ies)-owned and/or operated by the Sub-Concessionaire in relation to the ITP Services and matters connected therewith.

#### 1.2# Principles of Interpretation

In this Agreement, unless the context otherwise requires: words importing singular include the plural and vice versa; a reference to any gender includes the other gender; words denoting natural persons include partnerships, companies, corporations, trusts, associations, organisations or other entities (whether or not having a separate legal entity) and vice versa; a reference to a person, party or entity includes a reference to that person, party or entity's legal successors and permitted assigns; a reference to a law or statutory provision includes such law or provision as is from time to time amended, modified, supplemented, consolidated or re-enacted; the words "include" and "including" are to be construed without limitation; headings are for convenience of reference only and shall not affect the construction or interpretation of the Agreement; the words "herein", "hereof", and "hereunder" and other words of similar import refer to the Agreement as a whole and not to any particular section or other subdivision; annexures, schedules, exhibits and attachments to the Agreement form an integral part of the Agreement; a reference to an agreement, contract, deed, instrument or other document shall include a reference to that agreement, contract, deed, instrument or document, as amended, novated, modified or supplemented from time to time; references to recitals, sections, paragraphs, annexures, exhibits, schedules or attachments, in the Agreement shall be deemed to be references to recitals, sections, paragraphs, annexures, exhibits, schedules or attachments, of or to this Agreement; where several standards and requirements are applicable to a particular work, service or operation, the most stringent of such standards and requirements shall be complied with; and the rule of construction, if any, that a contract should be interpreted against the parties responsible for the drafting and preparation thereof, shall not apply.



4.3.8 The meter fitted on Mobile Equipment shall be self-calibrated atleast once in 3 (three) months at the Facility.

4.4 It is a requirement of MAFFFL that all qualified Supplier(s) should be allowed to have access to and use of the ITP Services on a non-discriminatory basis. This will enable the Suppliers to freely select the ITP Service provider of their choice for any particular transaction at the Airport. The Open Access obligation of the Sub-Concessionaire forms an integral part and is the essence of this Agreement.

## 5. FEE

### 5.1 ITP Service Fee

5.1.1 The Sub-Concessionaire shall charge ITP service fee from the Suppliers for rendering Services at rates not exceeding as set forth in Annexure II which shall be an aggregate of all fees and charges ('ITP Service Fee'), levied on the Users by the Sub-Concessionaire, in accordance with the Applicable Laws. It is understood that the ITP Service Fee paid to the Sub-Concessionaire by the Supplier shall be as mentioned above or as determined by AERA from time to time. Any ITP Service Fee paid pending final approval of AERA shall be on a provisional basis and shall be subject to adjustment, within 60 (sixty) days of the date of approval of rates by AERA.

5.1.2 The ITP Service Fee shall be charged to the Users for each litre of:

- (i) Aircraft Fuelling;
- (ii) Aircraft Defuelling;
- (iii) Aircraft Refuelling.

Each of the three services mentioned hereinabove shall be chargeable separately and may be escalated by the Sub-Concessionaire each financial year. Provided, escalation shall not be more than 5% (five percent) of the charges applicable during the immediately preceding financial year or in accordance with the Wholesale Price Index ('WPI') as applicable to the month April, whichever is lower.

5.1.3 The Sub-Concessionaire shall be entitled to charge ITP Service Fee from the Users on and from the Commencement Date (and not Effective Date).

### 5.2 Sub-Concession Fee

5.2.1 In consideration of the grant of right by MAFFFL to Sub-Concessionaire to provide the Services in accordance with the terms hereof, Sub-Concessionaire shall pay MAFFFL the Sub-Concession Fee for each month commencing from the Commencement Date. The Sub-Concession Fee for a particular month shall be paid by the Sub-Concessionaire to MAFFFL on or before the 8<sup>th</sup> day of the immediately following month.

5.2.2 The Sub-Concession Fee excludes Taxes (which expression, for clarity, includes service tax and any cesses on service tax) thereon which shall be paid by Sub-Concessionaire to MAFFFL in addition to the Sub-Concession Fee. Each Party shall be solely responsible for bearing any Taxes on its income, as assessed by tax authority under Applicable Laws.





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- 5.2.3 The Sub-Concessionaire shall provide to MAFFFL the following: (i) Within 4 (four) days of the end of each month statements and details of the Gross Revenue for such month and such other details as may be required by MAFFFL, duly certified by the Chief Financial Officer of Sub-Concessionaire; and (ii) Within 10 (ten) days from the end of each calendar quarter statements and details of the Gross Revenue for such calendar quarter, duly audited and certified by a practicing chartered accountant (containing a month wise break-up of the Gross Revenue).
- 5.2.4 The mode of payment shall be in 'Indian Currency'/'Indian Rupees' only through ECS/ e-payment or through any other mode as may be mutually agreed between Parties.

## 6. ITP ASSETS

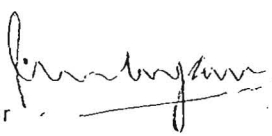

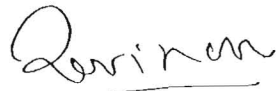



### 6.1 ITP Depot

- 6.1.1 Till the time the Integrated Facility is commissioned and the aviation fuelling operations are being carried out from the existing locations used by the Oil PSUs, the ITP Depot shall be made available to the Sub-Concessionaire and located in an area earmarked by MAFFFL.
- 6.1.2 Upon commissioning of the Integrated Facility, the ITP Depot will be located at the Airport, at the location(s) finalised in consultation with MIAL. The new ITP Depot which is required to become fully operational at the time of commissioning of the Integrated Facility shall be developed by the Sub-Concessionaire at its own cost and risk. About 2000 Sq.mtr. of land shall be licensed to the Sub-Concessionaire by MIAL for the development of the new ITP Depot. MIAL shall also make available to the Sub-Concessionaire, utilities such as electricity and water. The license fee for the land shall be INR 1500/ Sq.mtr.per annum and escalated at 7.5% (Seven decimal five percent) per annum. The Sub-Concessionaire will have to develop the required facilities for the efficient ITP Services, in the allotted area at its own cost.
- 6.1.3 The Sub-Concessionaire shall be responsible at its sole cost for obtaining other utilities, facilities and infrastructure required for operating the existing ITP operations facility, development of the new ITP Depot and its operations such as telephone, internet and communications, gas, refuse collection etc., subject to intimation to MIAL/ MAFFFL of the service providers and adherence to relevant guidelines/ circulars of MIAL/ MAFFFL in that regard. Sub-Concessionaire shall pay the charges of obtaining connections and for the usage of such utilities, facilities and infrastructure directly to the relevant providers.
- 6.1.4 In the Integrated Facility, MAFFFL will develop facility for carrying out major repairs and maintenance of the ITP vehicles ('ITP Maintenance Space'). The ITP Maintenance Space will be handed over by MAFFFL to the Sub Concessionaire in an unequipped/ unfurnished state, and it shall be the responsibility of the Sub Concessionaire to fit-out, equip its allocated areas to suit its business requirements. The ITP Maintenance Space will comprise of a covered area for carrying out maintenance of Mobile Equipment; the workshop will be shared by the Sub-Concessionaire with the other ITP sub-concessionaires and operated in the manner as may be agreed between the Sub-



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IN WITNESS WHEREOF THE PARTIES THROUGH THEIR AUTHORIZED REPRESENTATIVES HAVE SET THEIR HANDS ON THE DAY, MONTH AND YEAR FIRST ABOVE WRITTEN AT.

<p>(MAFFFL)</p> <p>Mumbai Aviation Fuel Farm Facility Private Limited</p> <p>(Authorised Signatory)</p> <p>Signature: </p> <p>Name: Shyam Mustyalwar</p> <p>Chief Executive Officer</p> <p>Date: November 07, 2014</p> 	<p>Witness:</p> <p>Signature: </p> <p>Name: Ravindra Mittal</p> <p>Particulars: COO, MAFFFL</p> <p>Date: 7/11/14</p>
<p>(Sub-Concessionaire)</p> <p>Bharat Stars Services Pvt Ltd.</p> <p>Signature: </p> <p>(Authorised Signatory)</p> <p>Signature</p> <p>Name: Akash Tiwari</p> <p>Chief Executive Officer</p> <p>Date: November 07, 2014</p> 	<p>Witness:</p> <p>Signature: </p> <p>Name: CHETAN PATIL</p> <p>Particulars: GM - OPS</p> <p>Date: 07/11/2014</p>



**M/s Bharat Stars Services Pvt. Limited**  
**Chhatrapati Shivaji International Airport (CSIA), Mumbai**  
**Tariff for the 3<sup>rd</sup> tariff year (2018-19) of 2<sup>nd</sup> control period**

Tariff Year	Aircraft Refueling	Aircraft De-fueling		Refueling of Aircraft with defueled product	
		Within 6 hrs	Beyond 6 hrs	Within 6 hrs	Beyond 6 hrs
Tariff year 3 (2018-19)	300.06	303.10	378.88	303.10	378.88
Tariff year 4 (2019-20)	315.06	318.26	397.82	318.26	397.82
Tariff year 5 (2020-21)	330.81	334.17	417.71	334.17	417.71