



Dated 1st July 2021

The Secretary,
The Airports Economic Regulatory Authority of India,
AERA Building, Administrative Complex,
Safdarjung Airport,
New Delhi 110 003

Sir,

Sub: Response by Bharat Stars Services Pvt. Ltd. (BSSPL) on stakeholder's comments to 04/ 2021-22 in the Matter of Determination of Tariff in respect of Bharat Start Services Private Limited (BSSPL) for providing Into Plane Services at Kempegowda International Airport (KIA), Bangalore from FY 2021-22 to FY 2025-26 of the Third Control Period.

I. Bharat Petroleum Corp Ltd

Views expressed by BPCL in their comments dated 21st June 2021 are very appropriate and hence may be considered by the Authority.

II. International Air Transport Association (IATA).

1. While agreeing that airlines are taking an unprecedented economic hit and is facing considerable uncertainty about their future, but the same is also true for BSSPL and being a MSME company, BSSPL will not be able to sustain losses. As is known, the ITP agents operate with their own equipment and needs to comply regulations regarding limitation of its life, taxation and other such statutory rules. The operating costs on account of lease rentals, electricity, communications, salaries and wages, continues to go up with each passing year. While the operations continue to be abysmally low with ITP agents incurring heavy losses, as optimum level of equipment and manpower is being sustained even on low volumes as none of these can be reduced keeping in view that Airlines may resume their operations at short notice once the pandemic subsides. Even replacements of older equipment with new ones continue to be done as the same can't be deferred. It is pertinent

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to mention that more than 80% of operating cost is generally fixed in nature irrespective of the volume of business.

2. It may be noted that IATA in their comments has stated that "financial performance of airlines will be worse than what was expected in IATA's December 2020 forecast (i.e. 2021 net post-tax losses forecast to be at \$47.7bn compared to \$38.7bn in the December forecast)."

We submit that BSSPL too is sailing in the same boat as the airlines. In Table 29 of CP 04/ 2021-22, the profit before Tax proposed by the authority for the year 2021-22 for BSSPL is (-) 6.74 Lakhs which is detrimental to the interest of the company. BSSPL is a very small player in the entire aviation fuel supply chain, with ITP service fee as the only source of revenue. It is pertinent to note here that BSSPL has been under tremendous financial crunch due to revenue loss imposed by low volume throughput since the beginning of the pandemic and hence will not be able to sustain further losses which may even threaten the very existence of the company.

III. **Submission by Bharat Stars Services Pvt. Ltd. (BSSPL).**

In view of the submission made by us with regard to C.P no. 04 /2021-22, we are sure that Authority will reconsider, keeping in mind that surge in virus cases, scarcity of vaccines, curtailment of flights and travel restrictions have impacted previous forecasts. Hence, our submission is –

- Review and reconsider the ATMs proposed for Tariff determination and accordingly revise the volume keeping in view the considerable reduction projected.
- Further revise the proposed Tariff upward which are proposed in line with BSSPL submission with regard to the consultation paper.
- Similarly, the views expressed by the stake holders that (1) Price Cap approach and (2) Differential tariff for two ITPs at the same airport for same service, may also be considered.

Thanking you


Prashanth M Kamath
Chief Executive Officer